FOREIGN AGRICULTURE

February
1981

United States Department of Agriculture Foreign Agricultural Service

South African Corn Exports Seen Gaining Sharply in '80's • U.S. Apple Exports Hit 41-Year High • War-Torn Iraq Still Boosting Farm Imports • World Food Prices on the Rise

Agricultural Export Challenges In the 1980's

Because agricultural exports have become the primary growth factor in U.S. agriculture, the Foreign Agricultural Service—and the marketing officials of the respective states—have perhaps the most important task in U.S. agriculture today. It is our job to boost agricultural exports, and it is up to us to help U.S. agricultural meet the challenges of agricultural exporting during the 1980's.

Among the challenges:

Finding new markets, maintaining established markets. To go beyond our current success in agricultural exporting, we must go beyond our current, traditional markets, such as the European Community and Japan. Specifically, we are looking ahead to our efforts in China, the Middle East and North Africa, and Europe.

With a population of nearly a billion people, the potential of the Chinese market is tremendous. Even small shifts in per capita use of such commodities as wheat and feed-grains suggest tremendous pay-offs from market development.

One example of progress being made is the July 23, 1980, signing of an agreement between the U.S. market development cooperator, U.S. Wheat Associates, Inc., and the Chinese Ministry of Light Industry for the construction of a model demonstration bakery in Beijing. In fiscal 1980, the United States exported 4 million tons of wheat and flour to China—64 percent more than in the previous year.

These market development efforts are starting to pay off. China has grown from an insignificant factor in U.S. farm trade a few years ago to the fourth largest market for U.S. farm products—buying almost $2 billion worth from U.S. farmers in fiscal 1980.

With emergence of the OPEC nations, no area of the world demonstrates as strong a potential as the Middle East and North Africa.

Recent growth in exports to Eastern Europe have been substantial as well.

We are moving on several fronts to strengthen promotion in these areas. Agricultural trade offices have been opened in Bahrain and Warsaw, as well as Singapore, Seoul, Miami, and Caracas to serve these and other parts of the developing world. Looking to the near future, we have begun preliminary work on agricultural trade offices in Beijing, Tunis, and Lagos, Nigeria.

Meeting competition. As we enter the 1980's, we face increased foreign competition in both new and established markets. For example, the growth in wheat and wheat product exports from Canada, Australia, and Argentina has cut into our share of world trade in recent years, while Brazil has become a significant factor in the world soybean market.

However, we have a stronger hand to meet the competition of the 1980's than we did 10 years ago as we entered the 1970's.

We are working with the State Department to link all our overseas posts to Washington via a communications satellite for speedy transmission of agricultural production and marketing intelligence and trade leads. We have expanded our foreign coverage to bring the number of posts manned by U.S. agricultural counselors, attachés, or officers to 73.

We are revamping USDA's export credit programs to make them more flexible in response to interest rate changes and, we hope, more attractive to banks and to exporters. We have added an intermediate credit program, with repayment extending as long as 10 years for certain situations.

Trade fair exhibits and sales teams continue to be one of the most effective means of introducing and promoting agricultural products in overseas markets.

Another plus in the export marketing picture is the existence of four regional export groups representing 44 states.

Freer world trade—improved access for U.S. farm products. A third challenge for U.S. agriculture in the 1980's is to continue pushing for freer world trade.

The Multilateral Trade Negotiations had some very positive results for agriculture. The United States received concessions on approximately $3.8 billion worth of agricultural trade and granted concessions on approximately $2.4 billion (in terms of 1976 trade values).

New rules for the conduct of international trade also were negotiated, and they will have a major impact in reducing trade barriers and providing a more open and orderly trading system.

However, the trade concessions and the new rules negotiated in the MTN are merely signed agreements that will not work unless the signers make them work.

Energy. Finally, and perhaps most important, the staggering oil bills that face almost every oil-importing country will put the international trading system to the test in the 1980's. The developing countries, in particular, will have to find ways of earning foreign exchange to pay for imports, be they petroleum or wheat.

But the United States has advantages. We are an efficient producer and we are the top exporter of agricultural products. We have developed considerable expertise during 25 years of market development work. What we need to do is sharpen those skills and redouble our efforts.

—Adapted from remarks by Jimmy D. Minyard, Assistant Administrator, Foreign Market Development, FAS, at the 61st Annual Meeting of the National Agricultural Marketing Officials.

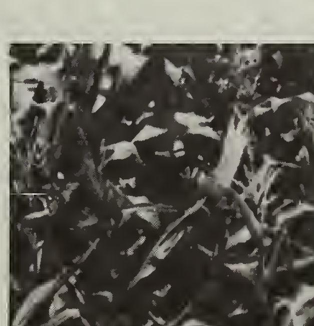
CONTENTS

FOREIGN AGRICULTURE

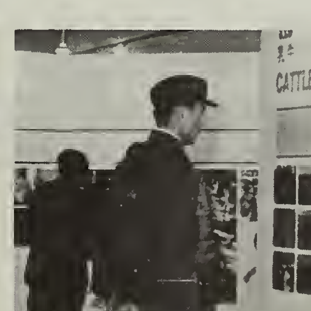
Vol. XIX No. 2 • Feb. 1981

The Secretary of Agriculture has determined that publication of this periodical is necessary in the transaction of public business required by law of this Department. Use of funds for printing *Foreign Agriculture* has been approved by the Director, Office of Management and Budget, through June 30, 1984. Yearly subscription rate: $14.00 domestic, $17.50 foreign, single copies $1.20. Order from Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.

Cover photo: Chinese line up for U.S. National Exhibit, Beijing.



Page 7

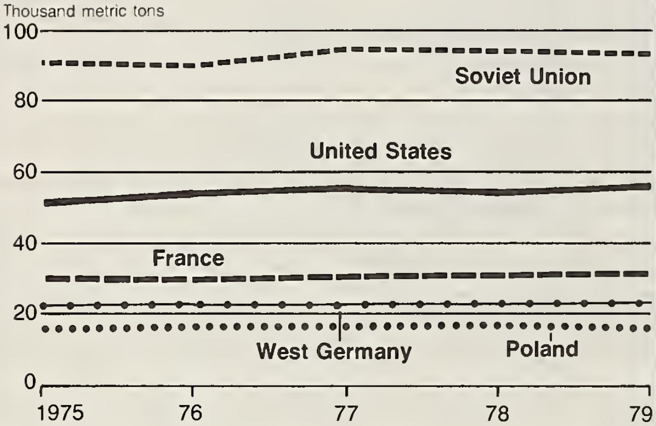


Page 18

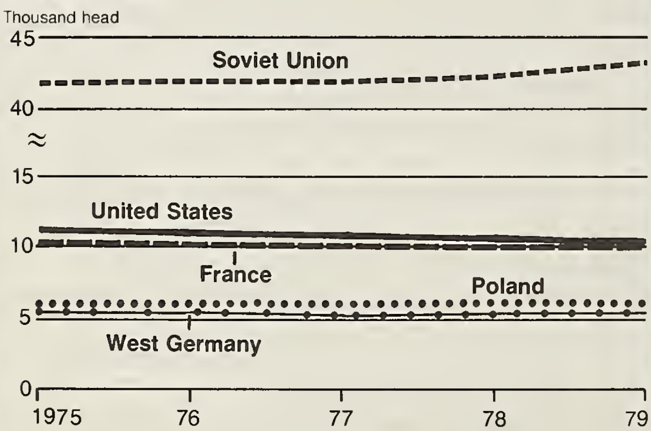
Page 28

Milk Production, Number of Cows, and Milk per Cow in Top Five Milk Producing Countries, 1975-79

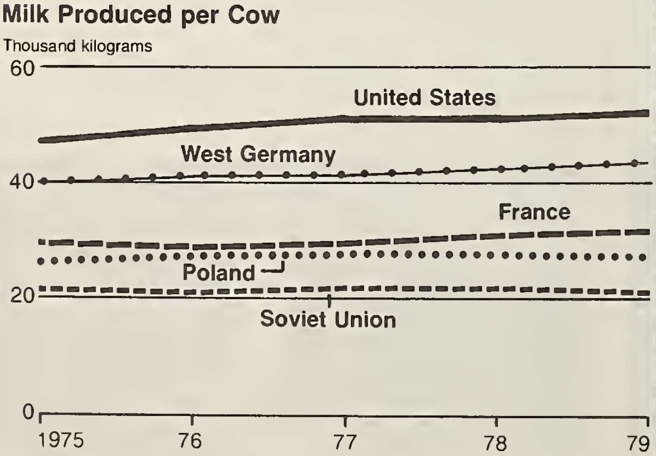
Production



Cows on Farm



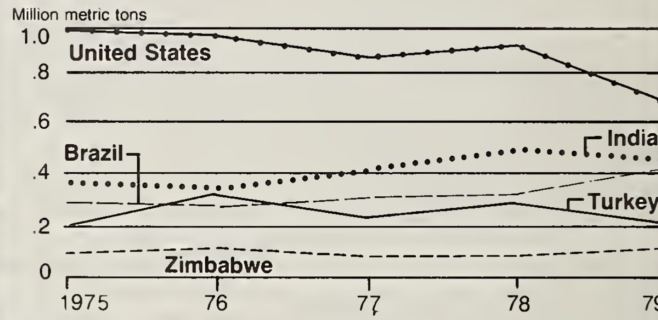
Milk Produced per Cow



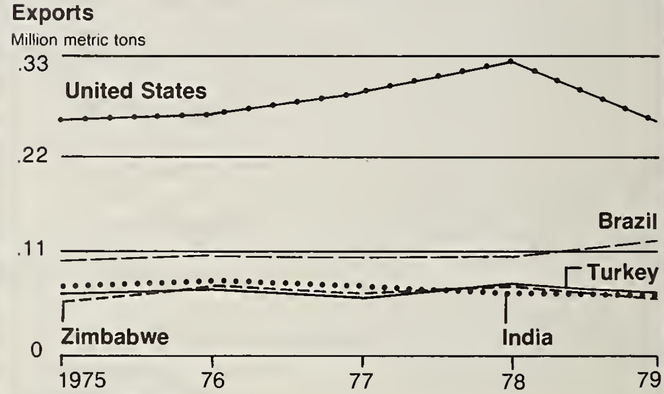
Note: 1,000 KG = 1 M.T.

Production[1] and Exports[2] by Five Top Tobacco Exporters

Production

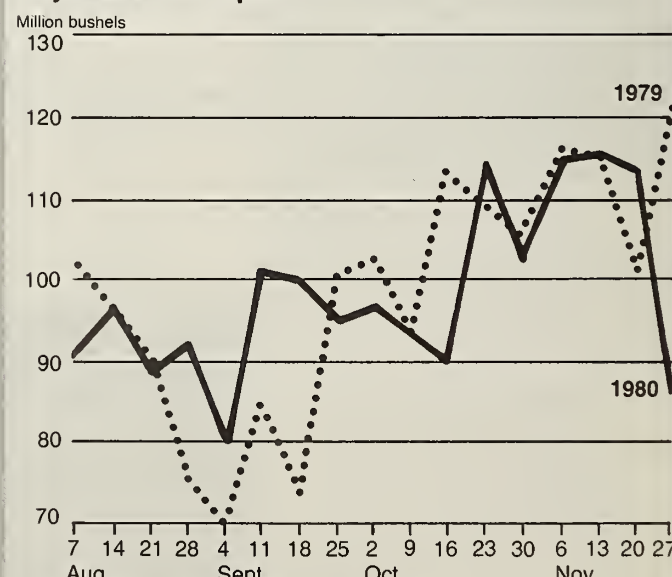


Exports



[1]Farm sales weight basis.
[2]Declared weight basis.

Weekly Inspections of U.S. Grains[1] and Soybeans for Export[2]



[1]Grains include corn, wheat, sorghum, barley and oats.
[2]Week ending on date given.

COMMODITY UPDATE

BEEF AND VEAL IMPORTS FOR 50 OF THE MAJOR BEEF PRODUCING and trading countries are expected to have declined 10 percent in 1980 from the 1979 level. However, 1981 imports are expected to recover somewhat and increase 2 percent, even though production in the major exporting countries of Australia, New Zealand, Central America, Mexico, Brazil, Argentina, and Uruguay is expected to be down only 1 percent and their exports down 5 percent.

There are several factors—including weather, exchange rates, and strengths or weaknesses in the economies of several countries—affecting this total view. Drought conditions in Australia continue to influence many livestock producing areas, disrupting beef production there and furthering the possibility that 1981 will be the fourth consecutive year of declining cattle numbers.

Beef production declined in New Zealand for the third consecutive year, as New Zealand farmers continue their swing to sheep and wool production. For 1981, beef production is expected to be 2-3 percent lower, with export availability reduced slightly. Production also continues to be off in Argentina, with beef output dropping about 7 percent in 1980 and forecast to decline another 2 percent in 1981.

Beef exports from Argentina are expected to drop about 19 percent in 1981 (following a 33-percent decline in 1980), as Argentine cattlemen move into the herd-rebuilding phase of their cattle cycle. Beef and veal production in Brazil, Uruguay, and the Central American countries, however, is forecast to increase over 3 percent in 1981, with exports about 10 percent higher.

Beef production in the major importing countries—the United States, Japan, Canada, and the European Community (EC)—is currently estimated to decline less than half a percent in 1981 after increasing almost 3 percent in 1980. Japan and Canada are seeing gains in beef production, but these are neutralized by a decline in the EC.

THE FOCAL POINT IN THE GLOBAL GRAIN OUTLOOK, ESPECIALLY FOR WHEAT and coarse grains, is shifting beyond the 1980/81 marketing season and beginning to center upon the prospects for 1981/82. The primary reason for this is that current world grain stocks are unusually low. Additional reasons include the uncertain world economic climate, current weather conditions affecting 1981/82 winter grains in the Northern Hemisphere, and the unknown status of U.S. grain supply to the USSR—particularly for the period after October 1, 1981, following the expiration of the current 5-year US/USSR grain agreement.

World trade in grains, including rice, is now expected to total a record 210 million tons in 1980/81, up by nearly 6 percent from the previous year's and nearly double the level of a decade ago. Total U.S. grain shipments in 1980/81, including rice, are expected to total a record 119 million tons, up 7 percent from the 1979/80 level, while exports by all other origins should total around 91 million tons or 3 percent higher than in the previous season. The major destinations of this increased world trade are China, the Soviet Union, Mexico, Brazil, South Korea, and Taiwan.

WORLD OILSEED PRODUCTION FOR 1980/81 is forecast at 106.5 million metric tons, up 600,000 tons from the December 1980 estimate. A 1.15-million-ton upward revision in U.S. soybean output more than compensated for a 400,000-ton downward revision in soybean production in the People's Republic of China.

Reduced shipments and lower unit values have cut U.S. exports of oilseeds and products by 2 percent below last year's level to $1.7 billion. U.S. soybean shipments for the first 3 months of the 1980/81 marketing year were down 2 percent from the same period in the previous year. Most of this reduction is because of an 845,000-ton reduction in soybean imports by the European Community (EC). An excellent European rapeseed harvest has greatly decreased EC requirements for oilseed imports.

USDA'S THIRD ESTIMATE OF THE 1980/81 WORLD COFFEE PRODUCTION is for a crop of 80.2 million bags (60 kg each). This is virtually unchanged from the second estimate of 80.1 million bags and only slightly below the current 80.4-million bag estimate for 1979/80. Changes in the estimates for individual countries of up to 300,000 bags largely offset one another.

World coffee exports in 1980/81, based on crop year data for individual producers, are estimated at about 61.0 million bags, down nearly 1.5 million bags from the previous estimate, owing to the introduction of International Coffee Organization (ICO) coffee export quotas for the year that began in October.

Producer-held stocks are expected to decline from 23.7 million bags at the end of 1979/80 to 22.9 million at the end of 1980/81. If the 27-29 million-bag 1981 (1981/82 coffee year) harvest in Brazil materializes, as seems almost certain, stock levels will jump considerably by the end of 1981/82.

INITIAL ANALYSIS OF USDA AGRICULTURAL ATTACHE REPORTS indicate that 1980 potato production in major producing countries was the lowest in a decade. The preliminary production estimate is only 213 million metric tons, compared with the 1975-79 average of 246 million tons.

Record low yields in Poland and low yields in the Soviet Union reduced crops in those countries by 48 percent and 18 percent, respectively, from 1979 levels. A 24-percent reduction in the West German crop resulted in a 5-percent decline in European Community (EC) potato production, while the overall output for other Western European countries was up 5 percent. Both area and yield reductions caused a 12-percent drop in the U.S. potato crop.

WORLD DRIED FRUIT PRODUCTION IN 1980 INCREASED 10 PERCENT from the previous year's improved position. Production of raisins, prunes, figs, and currants in the major producing countries showed continued recovery in 1980, while dried apricot output declined sharply.

- Raisin output, led by another near-record U.S. crop of 281,200 metric tons, increased 9.5 percent over the previous year's large crop. Total world production reached an estimated 686,300 tons.

- Prune production in major producing countries improved 14 percent over 1979's modest level of output. The 1980 crop is estimated at 200,800 tons, with the United States supplying 149,700 tons.

- Fig crops in major producing countries totaled about 85,700 tons in 1980, compared with the previous season's 85,300 tons. Turkey's production is estimated at 57,000 tons.

- Currant output, at 71,900 tons, was nearly 13 percent higher than 1979's weather-reduced crop.

- Dried apricot production reached only 13,000 tons, compared with the 24,700 tons produced in 1979.

WORLD COTTON PRODUCTION IN 1980 IS ESTIMATED AT 64.1 MILLION BALES (480 lb net), up slightly from the December estimate but 1.6 million bales less than 1979 production. The Soviet Union, the United States, and the People's Republic of China are the largest producers.

U.S. cotton production for 1980 is estimated at 11.1 million bales, slightly above the estimate in December but 24 percent below 1979's production. Production in the USSR and China is estimated at 14.3 million bales and 11.0 million bales, respectively.

U.S. cotton exports in 1980/81 are forecast at 5.5 million bales, 40 percent below the 1979/80 level of 9.2 million bales. Exports during the first 4 months of the 1980/81 season totaled 1.5 million bales, compared with 2.0 million bales in the same period of 1979/80. China, South Korea, and Japan are the largest foreign markets for this season's U.S. cotton exports.

South African Corn—I
Proper Stimulus Could Send Exports Soaring in Decade

By James O. Howard

South African corn ripening in the sun. South African corn production hit 10.2 million tons in 1978 and 10.6 million in 1980.

South Africa, already an important producer and exporter of corn, has the potential to boost output markedly in the event strong demand from a world corn shortfall causes export prices to shoot upward. It is believed this increase could be large enough to take care of the rising domestic needs of industry, a growing population, and stock requirements, and still provide for exports in 10 years more than double the current level. During the past 5 years, South Africa's corn exports averaged 2.5 million tons annually.

Growing out of an intensive study of South African data and conversations with persons in the Government, trade, and academic institutions over an extended period, this conclusion is predicated, in general, on achieving sizable increases in area and yields on both white- and black-owned farms, consumption growing at foreseen rates, and nominal rises in industrial use of corn. The question of whether South Africa can physically move, store, and put aboard ship for export corn crops of the magnitude contemplated will be discussed in a subsequent article.

The second of two articles on South African corn will appear in the March issue of ***Foreign Agriculture.***

Mr. Howard is former U.S. Agricultural Attaché, Pretoria.

South Africa's most important corn markets are Japan, Taiwan, the United Kingdom, and the Continental countries of the European Community, which together account for more than 70 percent of South African exports. Neighboring African countries, the Mideast, and Venezuela also are important South African corn markets, although individual country shares are relatively small.

Since many of these same countries also buy U.S. corn, any large rise in South African corn production and resultant increase in exports would adversely affect U.S. corn shipments to some of these traditional markets.

Offical South African data for corn production on white-owned farms and estimated output on black-owned farms show corn production has generally trended upward for the past 30 years. Totaling 2.9 million tons in 1951, combined production rose to a record 11.1 million tons in 1974. Although output has been lower than 11 million tons for the past 6 years, it hit 10.2 million tons in 1978 and 10.6 million in 1980, and averaged 8.6 million tons the other 4 years.

During the 50-year period—1910-60—corn production on white-owned farms rose from 780,000 tons to 4 million, while in the following years it climbed to a record 10.6 million tons in 1974. This growth can be attributed mainly to area expansion in the white areas through the late 1960's and increases in yields thereafter.

(In this article, the base against which comparisons are made is an average area of 4.5 million hectares planted by white farmers between 1975/76 and 1979/80, an average output during the period of 9.03 million tons, and an average yield of 2 tons per hectare.)

There are only three sources from which the projected corn area increase on white-owned farms can come: From dryland regions, by increasing the irrigated area, and by diverting land from other crops to corn.

Some observers believe that about 1.36 million hectares of new dryland can be put under crop production. If half is arbitrarily ascribed to corn production—a not unlikely prospect since during the past 10 years 45 percent of total planted cropland has been devoted to corn—a new corn area of 680,000 hectares can be attained. Assigning the 2-ton yield average to this new land gives an additional production of 1.36 million tons.

Estimates of the amount of new land available for irrigation vary, but perhaps one of the most accurate figures is that proposed by Dr. W.P. Grobbelaar, Director of the South African Government's Summer Grain Center. which works extensivelv on matters bearing on corn production. Dr. Grobbelaar says that "it is estimated that a potential 300,000 hectares can still be brought under irrigation in South Africa. If it is assumed that 100,000 hectares of this are planted to corn at 6 tons per hectare, this would result in an additional production of 600,000 tons."

It is more difficult to arrive at an estimate for the area that would result from a shift to corn from other crops.

At the present time, grain sorghum and oilseeds, including edible peanuts, are the main competitors for land in the corn-growing regions, although much of the area already is devoted to corn production. This means the prospect for a large-scale diversion to corn from other crops is nonexistent. But assuming that higher prices resulting from a corn shortfall attract

to corn 10 percent of the average amount of land planted to all other crops, this would amount to 80,000 hectares. At 2 tons per hectare, this land would produce 160,000 tons of corn.

Adding the area totals from the three sources—the dryland increase, the new irrigated-land figure, and the land resulting from the conversion to corn from other crops—indicates a possible additional production of 2.12 million tons, roughly 20 percent of the white-farm average of the past 5 years, from an area of 860,000 hectares.

There are several figures currently available dealing with the size of the potential increase in South Africa's corn yield on white-owned farms. The South African Fertilizer Association concludes that, based on data collected over the past 7 years, yields can be raised within 10 years to a level 50 percent above the present 2 tons per hectare.

This finding was discussed with Dr. Grobbelaar who pointed out that immediate increases could be made in some instances simply by improving techniques now in use. He noted that better plant disease control could raise yields 10 percent, improved weed control would add another 3 percent, and more advanced insect control still another 10 percent. He also said that using improved breeding methods and expanding fertilizer usage each would make a contribution. As a consequence, he concluded that a 50-percent yield increase in 10 years is reasonable, and might even be conservative.

The Maize Board has studied corn production in "white" areas over the past 25 years. Collected data indicate that output has grown by approximately 4.52 percent a year. Projected over the next 15 years, production is seen rising 24 percent in 5 years (to 13.01 million tons), 55 percent in 10 years (to 16.23 million tons), and by 93 percent in 15 years (to 20.25 million tons).

Without considering the projected 20-percent rise in planted area, this 50-percent increase in yields alone would bring the white-farm corn production total to 13.5 million tons, considerably higher than the 9-million ton average of the past 5 years. By including the 20-percent area expansion, which would result in a production rise of some 3 million tons, the total would climb to 16.2 million tons.

In the past, white farmers boosted their yields basically by the same means used by U.S. farmers, although the impact of these actions was felt later than in the United States. Hybrid seed, the most important contributor to the yield increase, accounted for about one-third of the total. Mechanization ranked next, followed by improved fertilization, weed control, and tillage practices. These same practices must be employed to boost future yields; however, they must be developed to higher levels of proficiency.

The greatest potential for South Africa's expansion of yields and area lies in development of production in the 10 "black homelands." This term includes the Transkei, BophuthaTswana, and Venda, which the South African Government has declared to be independent States, but whose independence has not been recognized by other nations. However, gains in these areas are not likely to take place in the immediate future.

"South Africa's most important corn markets are Japan, Taiwan, the United Kingdom, and the Continental countries of the European Community. . ."

Corn is the staple food of most South African blacks and is by far their largest crop, accounting for some two-thirds of the planted area. Seventy-six percent of the homelands is in areas with more than 20 inches of annual rainfall. Whereas about 27 percent of South Africa is semidesert, this is true of only about 1 percent of the homelands.

One South African authority has stated that the crop yield potential is 45 percent greater in the black regions than in the country as a whole. But homeland agriculture is underdeveloped, and average yields are only one-sixth to one-seventh of those in white areas. One study, using 1970 data, notes that corn yields on white farms in the major producing areas averaged 2,300 kilograms per hectare, compared with 300 kilograms per hectare in the black homeland of BophuthaTswana, 164 kilograms in Lebowa, and 64 in Venda.

One factor limiting the present magnitude of corn area increases in the homelands is the traditional importance given to owners of cattle in the culture of these people. The size of a man's cattle herd normally determines his wealth and social standing. So, there is pressure to maximize the amount of land kept for pasture.

A closely related factor limiting corn production is the system of land ownership. All land is controlled by the tribal chief who assigns plots to each family. Every male, on reaching maturity, normally has a right to a piece of land on which to build a house and cultivate crops, plus the right to graze cattle on communal pasture. Since population pressure is great, the plots assigned for cultivation are small—often only 3 or 4 acres—and almost never large enough to support a family.

Unable to make a living from farming, most husbands seek work in the cities, leaving the farming to the women and children. The women, knowing that they cannot make a living from the small plot, and that they do not have to, tend to follow slipshod farming methods. Hence the low yields.

Despite these negative factors, and despite the pressure being exerted by a growing population, the potential for crop area expansion in the homelands is great, and ultimately farming there will take on a more serious mien.

Although data are incomplete, a study done on BophuthaTswana indicates that only some 22 percent of the potentially arable land is being cultivated there, and another survey implies there was a large amount of land that could be cultivated in the Transkei. In Venda, a survey found that only 66 percent of its arable land was being cultivated.

Data provided by the Agricultural Advisory Services in the South African Department of Cooperation and Development show that the homelands in the 1970's had 2.07 million hectares of cleared land, of which 683,555 hectares were unplanted. If a proportionate share of this land were planted to corn, a total of about 1.4 million hectares of corn could ensue.

If the corn shortfall were to raise prices enough to induce a 25-percent

increase in the average amount of homeland corn land, the total would rise to 1.74 million hectares. Multiplying this by the 2-ton-per-hectare average, estimated homeland corn production would reach some 3.5 million tons, compared with the current production, given variously by different authorities at 263,400 tons or 393,389 tons, for a potential rise of some 3.1 million tons.

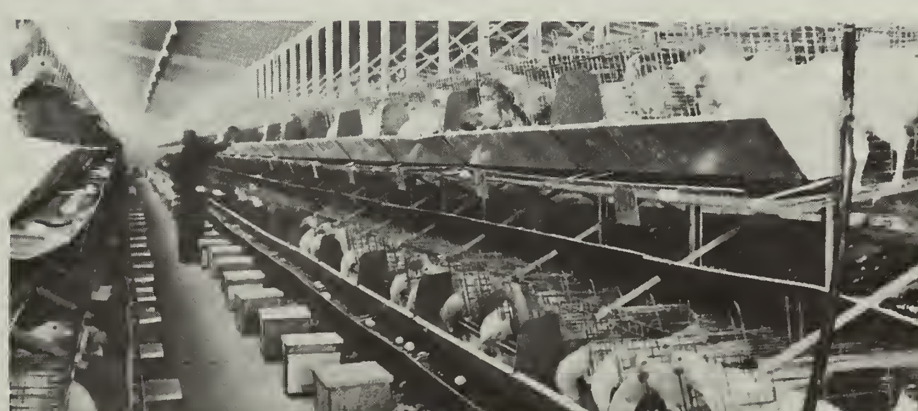
However, a rise to 3.5 million tons, as attractive as it appears, is probably not realistic. It is more likely that homeland corn production could reach about 500,000 tons. But even this amount would help bring South Africa's total corn supply to 16.7 million tons a decade from now, a figure estimated by adding the Maize Board's trendline production to the homeland total.

One factor that will govern the amount of corn South Africa would have for export is the growth rate of consumption. South Africa's population is growing at a rate of about 2.5 percent a year, but average per capita consumption of corn as corn appears to be dropping, largely because the black population, as their incomes rise, tend to sbustitute wheat and other foods.

The Maize Board—based on its trendline growth projection—has concluded that total consumption is increasing at an irregular pace. Board data show that although production could grow from about 10.2 million tons (white-farm output only) in 1979/80 to 20.2 million tons in 1994/95—a rise of about 98 percent—consumption will climb by only 74 percent, and the surplus by 130 percent from 3.5 million tons to 8.1 million tons.

A more conservative report shows production climbing by 38 percent between 1978/79 and 1989/90, consumption by 31 percent, and the surplus by 49 percent. By 1994/95, if these latter trends continue so they encompass the same years covered by the Maize Board projections, it is probable that the totals in both studies would be close together.

Should both estimates be roughly near the mark, and the surplus approach 8 million tons, the addition of only 300,000 tons from the homelands would bring the total surplus to 8.3 million tons, three times higher than the 2.5-million-ton average during the 5-year period ending in 1974/75. □



From top: Headquarters of Maize Board in Pretoria, battery of steel grain silos in the "maize triangle," and interior of modern egg producing unit. This sector is an important domestic user of corn. Corn is South Africa's most important grain crop and the staple food of most of its native population.

U.S. Apple Exports Mark 'Coming of Age' as Volume Registers 41-Year High

By Gilbert E. Sindelar

It was the year of the American apple in Taiwan as sales there led a worldwide surge in U.S. exports, with the 1979/80 volume hitting the highest level in 41 years. Taiwan became the leading foreign market for U.S. apples, taking the top spot long held by Canada. Outlook for the 1980/81 season points to another banner year.

The 1979/80 season was the third straight strong showing for U.S. exports and marks a "coming of age" for U.S. apples in foreign markets.

Today, apple exports are beginning to be a factor in the marketing equation, with one out of 10 cartons for the fresh market moving into export. Thirty years ago, when controlled atmosphere storage was in its infancy, apple export markets were virtually nonexistent—except for Canada.

The author is director of Horticultural and Tropical Products Division, FAS.

The importance of export markets for U.S. apple producers has been aptly demonstrated the past three seasons. Both 1977 and 1978 were excellent export years, with 7.9 million cartons (42 lbs. each) moving abroad in 1977 and 7.5 million in 1978. But the 1979 season—that ended on June 30, 1980—was even better as the equivalent of 12.4 million cartons of U.S. apples moved into export, with impressive gains in all major markets being topped off by the tremendous success in Taiwan. The 1979/80 volume to all destinations was the largest since the 1938 season when 13.8 million cartons were exported.

The final tally of the 1979/80 season revealed a gain of almost 5 million cartons—or 65 percent—over the very good showing of the preceding season. Export earnings totaled $125 million versus $67 million in 1978/79 as the derived unit value of export sales averaged $10.06 per equivalent carton, compared with $8.87 the season earlier.

As the 1980/81 export season begins to shift into high gear, it is still difficult to project export totals, especially for the two leading markets of Canada and Taiwan, because of the volatility of the marketplace. Although early estimates indicate a dropoff in these two markets, gains elsewhere are expected to nearly offset these losses. As a result, U.S. apple exports in the 1980/81 marketing year are forecast at 12.3 million cartons, just under last year's level. However, because of the higher-than-expected U.S. crop this season, particularly in the Pacific Northwest, exports could exceed this projection.

Recently, USDA estimated total U.S. sales of fresh apples—domestic and export—at 102.4 million units (42 lb) in 1979/80. Exports alone represented 12.1 percent of these—a sharp contrast to the early 1970's when exports amounted to less than 3 percent of the total U.S. marketings of fresh apples.

Export gains this past season were widespread, with advances of 19 percent in Western Europe, 48 percent in Central America, 35 percent in both South American and the Caribbean, and 12 percent in the Middle East.

In the Far East, U.S. apple exports to Hong Kong, a key market of long standing, rose 7 percent while those to Singapore, another market of growing importance, expanded 61 percent.

Further brightening the picture was the all-time high of 3.2 million cartons to Canada—an increase of 600,000 from the year earlier.

While these gains were remarkable, they were overshadowed by the sensational performance in Taiwan. On August 1, 1979, Taiwan liberalized its import policy for apples. U.S. exporters, mostly in the Pacific Northwest, responded quickly, moving 3.4 million cartons to Taiwan. Value of these sales totaled $41.6 million or $12.26 per equivalent 42-pound carton. In the preceding five seasons, U.S. apple exports to this market averaged a mere 134,000 cartons.

A sizable increase was expected following Taiwan's decision to liberalize its import policy, but the final U.S. export volume exceeded expectations. Prior to liberalization, Taiwan's limited import volume drew fantastically high retail prices—sometimes as much as US$1.75 or US$2 per apple.

With liberalization, many importers sensed an opportunity for large profits. As a result, many newcomers entered the importing business.

In addition, some established importers of hard goods with no experience in handling perishables got into the market. The result: skyrocketing imports.

Can the U.S. export performance in Taiwan be repeated in the 1980/81 season? This is perhaps the major factor in projecting the quantity of U.S. apple exports for 1980/81. A region-by-region survey follows.

Far East. The big export question is this area centers on Taiwan. Because of the market turbulence last season, those traders who experienced unprofitable ventures are likely to drop by the wayside this season. As a result, a degree of stability should return to the market, and shipments of U.S. apples should take a more orderly flow.

While the 1980/81 projection remains conditional at this point, U.S. apple exports to Taiwan should be down from 3.4 million cartons in 1979/80. Other markets in the Far East and the Pacific should show a slight gain from the 1.6 million cartons in 1979/80.

Canada. The large increase in the export volume to Canada last season still defies pinpoint measurement. Costs may have had a bearing on the record flow of U.S. apples to our northern neighbor, but the most plausible reason probably rests on the fact that Canada's per capita consumption of fresh produce is rising rapidly. The so-called "fresh approach" seems to be catching fire there as in many other countries around the world.

But the export projection for U.S. apples to Canada this season is guided only by the distribution of the Canadian crop. In view of the anticipated crop increases in Ontario and to a lesser extent in Quebec, movement of U.S. apples will probably be somewhat less than last season's.

Western Europe. The apple crop in this area is down very slightly to 13.4 million metric tons in 1980/81, with most of the drop occuring in the southern European countries, especially Spain and Greece.

The combined crops in the three key exporting countries—France, Italy, and the Netherlands—are almost on par with last year's production of 4.3 million tons.

Turning to the key market countries, apple production in the United Kingdom is expected to be about 358,000 tons, about 1 percent below the 1979/80 outturn.

Market prices in the United Kingdom were exceptionally low this past season. As a result, the National Farmers' Union has been waging a vigorous campaign, claiming that the very survival of the English apple is at stake. Charges of unfair competition against French goldens have been denied in France.

"Today, apple exports are beginning to be a factor in the marketing equation, with one out of 10 cartons for the fresh market moving into export."

In 1980/81, U.K. growers hope the low prices of last season will not be repeated because of an agreement with French exporters to limit shipments of French goldens to only the higher grades, with bulk shipments excluded.

In 1979/80, French apples represented a staggering 87 percent of the total U.K. imports during the winter months.

In Norway, the apple crop this season is expected to top last season's total, so the opening of the import market was delayed. However, importers remain confident that the import level will remain high—possibly around 200,000 cartons. A small plus for U.S. apples lies in Sweden where the commercial crop is estimated at 33 percent below last season's output.

In total, U.S. shipments of apples to Western Europe are expected to be the same as the 1.1 million cartons moved in 1979/80, with the major markets being Sweden, Norway, Finland, and the United Kingdom.

Mexico and Central America. Mexico's crop loss from a severe frost last spring has been estimated at 20-25 percent by Conafrut, a national fruit organization, Although increased imports may result from this shortfall, Government efforts to provide relief to growers through higher prices could mean a lower-than-expected import level. How much goes across the border is the most important factor in projecting U.S. apple exports to this region.

Though still small, markets of the Central American bloc have shown a modest growth over the past few years in purchasing apples from the United States.

The 1980/81 outlook calls for U.S. apple exports to exceed last season's level of 744,000 cartons.

Caribbean. Collectively, the islands in the Caribbean have been showing rather steady growth since 1973 in their takings of U.S. apples. The generally increasing tempo of tourist traffic in this area is largely responsible for this increase, especially in the Netherlands Antilles and Trinidad. The trend should continue in 1980/81 with U.S. apple exports topping the season-earlier shipments of 343,000 cartons.

South America. Colombia has been the shining import star in this area. Since its import liberalization of 1976, there has been a buildup every year in U.S. apples to this market, reaching a high of 289,000 cartons last season.

Elsewhere in South America, the outlook is not as bright. Brazil remains—and is expected to stay—a small market for U.S. apple exporters while Venezuela continues as an erratic market.

U.S. apple exports to South America are almost certain to rise substantially above the previous season's figure of 676,000 cartons.

Middle East. For three straight seasons, moderate gains in U.S. exports to Middle Eastern markets have been posted, and the overall volume is fairly high. Last season, 1.3 million cartons of U.S. apples were shipped to the region, with Saudi Arabia taking about 1 million and the United Arab Emirates most of the balance. The recent trend should continue in 1980/81.

Africa. This region represents only a small slice of total U.S. apple exports. U.S. exports to this area should approximate last season's performance of about 64,000 cartons. □

Arabian Peninsula Offers Opportunities for Growth In U.S. Poultry Meat Sales

By James D. Gruff

The import market for poultry meat on the Arabian Peninsula is big and getting bigger, with the United States at last making headway in outlets that heretofore have been dominated by other suppliers. This improved trade showing—sparked by constantly increasing world demand for poultry meat—is seen continuing in 1981.

During 1980, the eight countries of the Arabian Peninsula (Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates, Oman, North Yemen, and South Yemen) imported roughly 275,000-300,000 metric tons of poultry meat. This compared with only 63,000 tons of poultry meat imported by the eight in 1975 and virtually no imports a decade ago.

Major suppliers included Brazil, the European Community (EC), and Eastern Europe. The United States, on the other hand, held only about 8 percent of the market in 1980, despite its position as one of the world's two largest poultry meat exporters (along with the Netherlands).

There is, nonetheless, a bright side to this picture, since the trade statistics also show rapid growth in U.S. poultry meat exports last year. Through the first 11 months of 1980, exports of U.S. poultry meat to the Arabian Peninsula totaled 18,665 tons worth $23.4 million for amore than 375 percent increase over volume in the same period of 1979.

This U.S. gain comes in the face of continued intense compitition from other suppliers and their prolific use of export subsidies to gain a price advantage. The European Community gives its exporters a direct payment for exports of poultry meat. Brazil, which has rapidly become one of the two biggest poultry suppliers (with France) to the Middle East, has aided its exporters largely by means of tax breaks and transportation subsidies. And as state-run economies, East European suppliers arbitrarily set prices throughout their economic systems.

With the aid of direct or indirect export subsidies, these countries by the late 1970's had established themselves firmly in the Arabian Peninsula markets. France, for example, has the largest share of the market in the United Arab Emirates, while Brazil and Denmark dominate the market in Kuwait. Hungary, France, Brazil, and Bulgaria are major suppliers to Saudi Arabia, which is by far the largest importer of poultry meat on the Peninsula, receiving roughly 160,000 tons in 1980.

For 1981, however, the U.S. capacity for expanding exports looks strong. U.S. production of broiler meat is forecast to increase about 4 percent in the first half of the year, while wholesale broiler prices during this period have been forecast at 51-55 cents per pound—close to the average for the last half of 1980.

At the same time, competitors' prices could be forced up by a variety of factors, ranging from reduced export restitutions to rising feed costs. For example:

- The EC reduced subsidies on poultry meat exports four times during 1980. This means that the French are now receiving a subsidy of about 8.9 cents per pound for broilers, whereas at the beginning of 1980, it was about 16.5 cents. Although the EC could raise the subsidy if the need arises, it may hesitate to do so for budgetary reasons.
- In Brazil, the recent rapid rise in mixed feed prices has narrowed profit margins and may force the poultry industry into a period of slower

The author is an agricultural economist with the Dairy, Livestock, and Poultry Division, Commodity Programs, FAS.

Poultry Output Stressed On the Arabian Peninsula

Most of the countries of the Arabian Peninsula are making intensive efforts to develop their domestic poultry industries.

Saudi Arabia, for example, is subsidizing almost every stage of domestic poultry operations, including purchases of feed and day-old chicks. One estimate is that Saudi Arabia may be self-sufficient in poultry meat production in 5 or 10 years, whereas in 1980 it probably produced no more than 50,000 tons (less than 25 percent of domestic consumption).

North Yemen, which may be the second largest importer of poultry meat on the Peninsula (although receiving none from the United States), has recently emphasized its desire to increase domestic poultry production and reduce imports. Currently, North Yemen is producing only about 10 percent of its domestic consumption of poultry meat.

Kuwait is perhaps the most advanced of the Peninsula countries in development of domestic poultry operations and could have the production capacity for self-sufficiency by 1985. In 1980, however, Kuwait produced just 5,000-6,000 tons, less than 20 percent of its demand for poultry meat.

Despite their interest, the countries of the Arabian Peninsula face a difficult task in decreasing their dependence on poultry imports. One major problem is the almost complete reliance of the domestic industries on imported feed. While domestic produciton efforts there may eventually have a significant impact on the size of the poultry import market, this appears unlikely for at least the next several years.—*James D. Gruff; Dairy, Livestock, and Poultry; FAS.*

growth. Between March and October 1980, prices of broiler rations in Brazil increased about 50 percent, and prices for day-old chicks went up 70 percent.

• In Hungary, reduction of Government subsidies on imported feeds has led to higher costs for poultry producers and the development of a cost-price squeeze. The Hungarians also have recently emphasized an increase in exports of more expensive poultry varieties such as ducks and geese, particularly to Western Europe, rather than the broilers that traditionally go to the Middle East.

But perhaps even more significant is the growth in demand for poultry meat from markets outside the Arabian Peninsula and the consequent likelihood that competitors' supplies will be diverted in part to these alternative outlets. The Soviet Union, with its serious meat production problems, is likely to import more poultry meat in 1981 than in past years. In addition, both Iraq and Iran could have significant increases in poultry meat purchases, especially if there have been war-induced reductions in their domestic outturns.

Among the exporters, Brazil may show another big increase in its poultry meat exports this year. However, most (possibly 60,000 tons) of this gain will probably go to the Soviet Union in the first-ever Brazilian poultry shipments to the USSR. Also, it is likely that some of the additional Brazilian exports will go to Iraq and possibly to Iran. Thus, Brazil may not have much available for meeting the increase in demand of the Arabian Peninsula in 1981.

France supplied significant amounts of poultry meat to the USSR in 1979 and 1980. So the French may send much of their projected 20,000-25,000-ton increase in total exports for 1981 to fill the growing demand of the Soviets.

Most Hungarian broiler exports go to the Soviet Union or the Middle East. Since total Hungarian exports of poultry meat are forecast to rise only slightly in 1981, higher demand from the Soviets may mean the Hungarians will have no opportunity to increase broiler exports to the Arabian Peninsula.

All these factors indicate that in 1981 the United States should be able to continue its remarkable growth in poultry meat exports to the countries of the Arabian Peninsula. This can

Continued page 31

Iraq Still Strong Market For U.S. Farm Products

By John B. Parker, Jr.

Despite logistical and other problems that have resulted from its current conflict with Iran, Iraq remains a strong market for U.S. farm products, with ample revenues to pay the bill for anything it buys. U.S. shipments of wheat, rice, and poultry products to Iraq in December 1980 may have reached a new peak, and be part of a new record for the entire year. If recent trends continue, Iraq may be a market for over $400 million worth of U.S. farm products in 1981.

Iraq's petroleum exports climbed from about $11 billion in 1978 to $21 billion in 1979, and were expected to rise to some $25 billion in 1980. These sales have provided ample revenues in recent years for Iraqi State trading firms to buy basic foods from agricultural suppliers around the world, including the United States.

Iraq's purchases of bulk and processed farm commodities have grown steadily in recent years, but the outbreak of hostilities with Iran may slow—at least temporarily—growth of some of these imports. Over the long run, however, it is likely Iraq will push its purchases of agricultural products higher than in the past since it is a long way from self-sufficiency in the output of many food items.

Iraqi agricultural imports took a dramatic upswing in 1974 when total value reached $706 million—triple the 1973 level of $225 million. Growth in Iraqi food imports moderated between 1975 and 1977 but rose to about $1 billion in 1978 and $1.4 billion the next year. Total U.S. exports to Iraq rose from $316 million in 1978 to $441.6 million in 1979, including agricultural commodities valued at $146.2 million. In calendar 1980, total Iraqi imports of agricultural products were expected to reach about $2.0 billion, with somewhat more than $260 million from the United States.

In fiscal 1980, the value of U.S. agricultural exports to Iraq reached $266 million, 116 percent above the $123 million recorded for fiscal 1979.

U.S. exports to Iraq in fiscal 1980 included $137 million of rice and $76 million of wheat. U.S. rice exports to Iraq in fiscal 1980 were roughly double those of 1979, while shipments of U.S. wheat, barley, frozen poultry, and seed also were considerably larger.

The U.S. share of Iraqi imports of some commodities rose in 1980, but the United States supplies only a small share of some other commodities. Although a major world producer, the United States has yet to supply a significant share of Iraq's sizable imports of live animals, red meat, apples, pulses, dairy products, vegetable oils, tobacco, cotton, tallow, and processed foods.

Changes in Iraq's trade policies, new subsidies to Iraqi consumers, and changes in the world supply situation may cause Iraq to become a larger market for all of these U.S. commodities.

Other domestic factors that could lead to such a change include:

• The Government's policy that appears to give top priority to the improvement in the average diet of Iraq's citizens.

• The tendency of the Iraqi Government to increase expenditures for food as petroleum income rises, an expenditure expected to amount to 10 percent of the 1980 oil revenue.

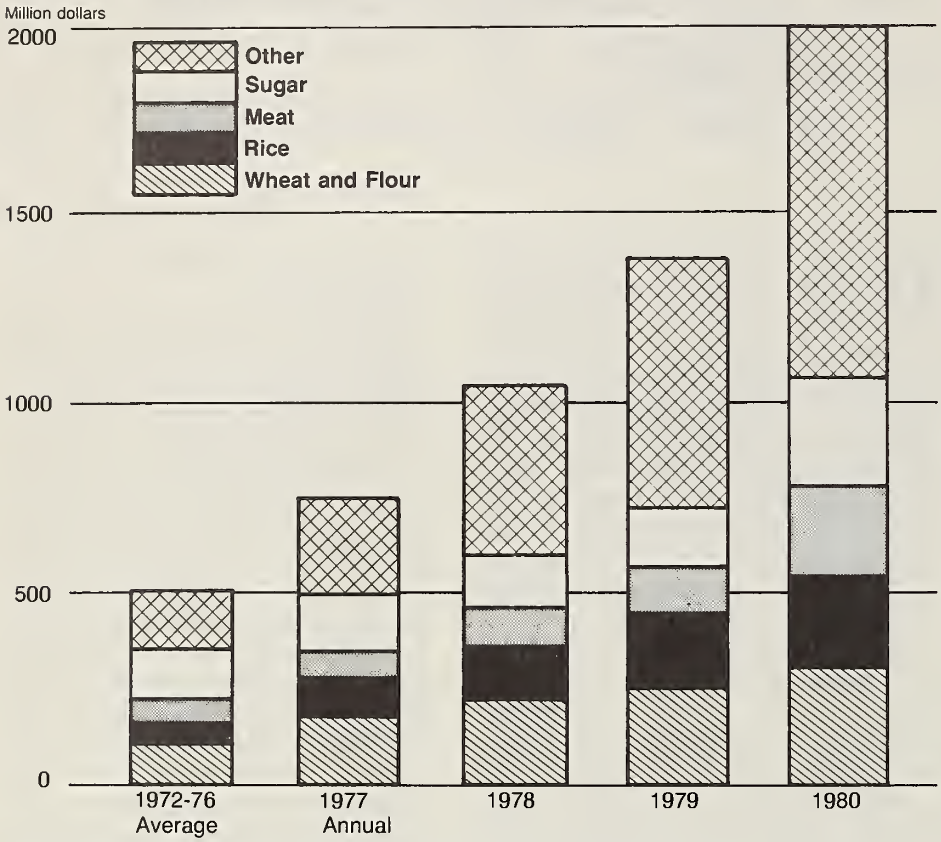
• The steady climb in Iraqi gross national product (GNP) which, in 1979, reached a record $31 billion, nearly double the 1976 level and 38 percent above the 1978 level. (In 1980, the figure was seen approaching $45 billion, depending on the impact of hostilities.)

• The rise in per capita GNP from about $1,840 in 1978 to $2,450 in current prices in 1979, and probably high-

---

The author is an international economist, Economics and Statistics Service.

Iraq's Agricultural Imports, Average 1972-78 and Annual 1977-80



er in 1980.

• The presence of over 500,000 foreign workers (August 1980 total) from such widely separated areas as the Arabian Peninsula, Egypt, South Asia, Europe, and the United States, all with differing dietary habits. (Many of these have now left Iraq but will probably return after hostilities cease.)

Iraq's rice imports in 1980 are likely to range between 425,000 and 450,000 metric tons. The Iraq-Iran conflict will cause some disruption in deliveries by Pakistan through Persian Gulf ports, dropping the level of imports to somewhat less than had apparently been scheduled for delivery before the fighting began.

The United States sent 297,000 tons of rice to Iraq in fiscal 1980, up more than 100 percent from the previous year's total, while Pakistan's rice shipments in 1979/80 fell to about half of the 1976-78 average of about 35,000 tons.

The United States exported no rice to Iraq during 1967-72 because of interrupted relations between the two countries. A change in Iraqi trade policy ensued in 1973, and Iraq made an initial purchase of 9,011 tons of U.S. rice. The volume grew to 31,000 tons in 1974 and soared to 150,000 tons in 1975.

Behind Iraq's decision to trade with the United States again were a quadrupling of petroleum prices in 1973 and the Government's decision to use a part of the new revenue to provide subsidies on imports of food. Also, Government planners in Baghdad decided to revise the country's trade policies and buy U.S. food items whenever the price was attractive.

Iraq's initial purchase came at a time when the United States had a large stock of rice available for export, so the two countries began their trading relationship on an amicable basis.

U.S. growth in exports of rice to Iraq was tempered in later years as Iraq began to buy a part of its rice supplies from Pakistan which, at that time, was increasing production and seeking additional markets. Pakistan's rice exports to Iraq declined from the relatively large volume of 109,500 tons in 1976 to 59,000 tons in 1978, although they were behind U.S. exports. A strong shift to U.S. rice took place in 1979 when U.S. rice exports to Iraq soared to 205,000 tons, beginning a surge than continued into 1980.

Iraqi imports of wheat during 1979/80 (July-June) reached a record 2.1 million tons—up from 1.1 million tons the previous season and triple the 1974-76 average. The leading suppliers or Iraqi wheat imports in the 1979/80 season were Australia (1.2 million tons), the United States (488,000 tons), Canada (444,000 tons), and Argentina (200,000 tons). Iraq recently purchased an additional 100,000 tons of U.S. wheat and small quantities from Turkey.

Demand for all types of bread has increased strongly in recent years because incomes have risen, the distribution system has been strengthened, and subsidy payments have been granted to consumers. The average Iraqi price for bread is 13 cents per pound for traditional Arabic bread, and somewhat more for European-type breads.

Programs to increase Iraqi meat production in recent years have been based on increased domestic production of barley and corn, but also on larger imports of feedgrains. Iraq's feedgrain imports during the 1979/80 marketing year (October-September) were approximately 500,000 tons. U.S. shipments of barley to Iraq in fiscal 1980 reached 178,000 tons, valued at $22 million. Iraq also imported roughly 100,000 tons of barley from the European Community (EC), Australia, Canada, and Turkey in fiscal 1980.

Thailand supplied Iraq with 150,000 tons of corn in 1979, and deliveries in 1980 were expected to be in the same range. Thai corn shipments soared from 15,900 tons in 1977 to 88,900 tons in 1978, keeping pace with the expansion in the number of livestock feedlots and broiler enterprises near Basra and Baghdad.

U.S. exports of corn to Iraq totaled 11,000 tons in 1977, but Thailand dominated the import trade in 1978, 1979, and early 1980. U.S. corn exports to Iraq may resume in fiscal 1981, partly because of the port situation.

Although sizable volumes of grain sorghum were shipped to Iraq by Sudan, Thailand was probably the most important supplier, shipping about 50,000 tons to Iraq in 1979. However, the closing of seaports in

southern Iraq may force Thailand to seek new feedgrain markets in Europe and North America.

Iraq has received barley from the United States and Western Europe through Turkish ports. Mersin, a port on the Mediterranean Sea in southern Turkey, has a new port grain-silo complex with 100,000-ton storage capacity, and should find it relatively easy to handle grain destined for Iraq. Modern grain handling facilities also are being utilized at the Turkish port of Iskenderun.

Iraqi trucks pick up bagged feedgrain and rice at these ports and transport them across the rugged Turkish interior to Iraq. Although considerable distances are involved, distribution of feedgrains through Turkish ports for broiler enterprises in northern Iraq is not much more expensive than handling it through the Iraqi ports of Basra and Umm Qasr on the Persian Gulf. In some instances, it has been found necessary to bring in Iraqi agricultural imports through ports in Jordan at somewhat higher—but not exorbitant—costs.

Iraqi imports of poultry meat rose from 13,300 tons in 1975 to about 41,000 tons in 1979. The first major shipment was in 1975 when 11,000 tons arrived from France. The United States captured a large part of the frozen poultry market in 1976, partly because sizable Iranian purchases left little EC poultry for Iraq to buy. However, U.S. exports of frozen poultry fell from a peak of 28,000 tons in 1976 to 14,000 tons in 1977. Brazilian exports of frozen poultry to Iraq rose from 15,000 tons in 1978 to 25,500 tons in 1979, and no purchases from the United States were reported in those 2 years.

In 1977-79, Iraq imported over 10,000 tons of poultry meat annually from Hungary, Romania, and Bulgaria, but arrivals from these sources dwindled in the summer of 1980.

As in the past, large purchases of poultry meat by Iran from Iraq's major suppliers created supply problems in 1980 for Iraqi importers. A Tehran buying mission reportedly bought 40,000 tons of Brazilian poultry meat in early 1980, reducing Iraq's potential purchases in Brazil. The United States exported to Iraq 17,000 tons of poultry meat valued at $21 million, early in fiscal 1980, helping to compensate for the shortage.

Larger U.S. sales to Iraq reportedly were made later in the year and further U.S. shipments were expected in the latter months of 1980. Although Iraq has elaborate production programs in effect to bolster domestic production and reduce imports, it still buys about one-third of its poultry meat supplies overseas.

The United States made its first shipment of eggs to Iraq in August and September 1980, amounting to 2.9 million dozen, valued at $1.9 million. Iraqi imports of eggs from all sources during 1977-79 averaged about 35,000 tons a year, valued at some $40 million annually. Romania provided nearly half of Iraq's imported eggs in this period. Bulgaria, Spain, and Hungary also were important suppliers.

The United States is a minor supplier of tobacco to Iraq, occasionally providing small amounts for blending, but there is a potential annual market awaiting development for possibly $10 million worth of U.S. flue-cured and burley tobacco.

The United Kindgom is Iraq's leading supplier of cigarettes, total imports of which soared to over $40 million in 1979. Iraqi imports of leaf tobacco have trended upward from 2,800 tons in 1976 to 4,400 tons in 1979, when India was the dominant supplier.

Iraq's imports of vegetable oils also have trended upward in recent years. The country imports about 150,000 tons of palm oil annually, mostly from Malaysia and Singapore. Brazil and Spain have provided most of Iraq's imported soybean oil in recent years, imports of which averaged about 30,000 tons annually during 1977-79. Sunflowerseed oil imports exceeded 8,000 tons a year in the same period, mostly from Eastern Europe. The United States shipped 2,000 tons of sunflowerseed oil to Iraq in 1979.

Iraqi soybean meal imports averaged about 60,000 tons annually in 1977-79, most from Brazil. Brazilian shipments were 50,000 tons in 1979 alone. The United States exported 30,000 tons of soybean meal to Iraq in 1978, but lost the market to Brazil in 1979 and early 1980. A resumption of U.S. shipments of soybean meal in 1981 is a strong possibility.

Iraq also imports about 3,000 tons of peanuts annually, mostly from Asian countries. Thailand, China, and India have sold peanuts to Iraq in recent years. U.S. exporters opened Iraq as a new market for peanut butter in the late 1970's, apparently to meet the demand of U.S. and European workers in Iraq.

Before cereal imports gained the upper hand in 1974, sugar was Iraq's leading agricultural import. Such imports rose from 329,000 tons in 1976 to 491,750 tons in 1977 and remained relatively high in 1978 and 1979. Another rise in sugar imports was indicated in early 1980.

Iraq purchased sugar from the United States for the first time in a long time in the spring of 1980—11,500 tons valued at $4.5 million. Brazil, China, and the Philippines were significant suppliers of Iraq's sugar imports in the late 1970's.

Iraq's imports of pulses increased from 23,504 tons in 1976 to about 43,000 tons in 1979, mostly lentils from Turkey and Syria. U.S. exports of blackeye peas amounted to about $50,000 in 1979, plus nearly $200,000 worth of canned beans.

Iraq's imports of apples have fluctuated widely over the years—from 12,000 to 30,000 tons annually during 1974-79. Most of the apples were provided in recent years by France, Lebanon, Chile, and Italy.

Iran shipped about 2,000 tons of raisins a year to Iraq in the 1975-78 period, but deliveries dwindled in 1979. Afghanistan also was a source of Iraq's raisin imports. Demand for raisins has risen because of the increase in domestic output of subsidized bakery products, including large amounts of raisin buns.

Japan, Taiwan, and Singapore have supplied most of Iraq's growing imports of fruit juices in recent years. Imports of fruit juices and drinks in 1979 were valued at about $10 million.

U.S. exports of processed foods to Iraq rose from less than $100,000 in fiscal 1979 to about $1 million in fiscal 1980, including about $300,000 for pancake mix. Iraq also imported small quantities of processed foods in the late 1970's from the European Community, Eastern Europe, and China. Bulgaria supplied most of the jam.

A dramatic change in Baghdad's trade policy concerning processed foods is likely soon, and Asian fruit juice exporters and U.S. food shippers expect the market to boom. Modern supermarkets also are planned, and these outlets may help the sale of U.S. processed foods take off. □

China

U.S. holds first solo trade exhibit For Chinese buyers in Beijing

Two conclusions emerge from 32 Americans who, in November, played host to 100,000 Chinese at a U.S. agricultural trade show in Beijing—the first such event ever to be held in China.

• American agriculturists, who took part in a series of 23 technical seminars, see a huge potential for improved livestock and poultry production in China through better breeding, feeding, and management.

• U.S. producer representatives interested in market expansion view that potential as an opportunity for expanded Chinese purchases of American feedstuffs and breeding stock.

The Americans—from govern-ment, universities, and industry—provided technical support for the 2-week exhibition in conjunction with the Foreign Agriculture Service of the U.S. Department of Agriculture and nine cooperator associations. In addition, they met with Chinese leaders in Beijing and other cities and visited farms and food processing facilities.

The agricultural trade show was part of the U.S. National Exhibition, November 17-28, 1980, in Beijing, which also involved the Department of Commerce and the Department of Energy. Almost a quarter million people, each with an admission ticket issued by the Chinese Government, visited the Exhibition in the massive and ornate Beijing Exhibition Center built in the 1950's under Russian supervison.

"More important to us," said William L. Davis, U.S. Agricultural Counselor in Beijing, "is the fact that we have met directly with close to a thousand agricultural leaders from all over China in a series of 23 half-day seminars directed at crop, livestock, and poultry production. From the United States, we had seven university people, six from industry, and 10 from associations—all highly trained and experienced in their specialties.

"The Chinese are eager to expand food production through better seeds, improved breeding stock, and improved methods of processing and feeding grains and soybeans. These seminars put their agricultural leaders in touch with representatives of U.S. commodity associations who are in a position to work with them."

Davis said that growth and improvement in China's livestock and poultry industries should lead to increased sales in China of U.S. grains, soybeans, and other feedstuffs. A demonstration bakery, to be established in Beijing, will train technicians and make better known the baking qualities of American wheat. □

Clockwise from above: Dennis Blankenship, Market Development Director for the American Soybean Association (back left) and other U.S. officials meet with a representative of the Chinese Ministry of Agriculture at the November 17-28 U.S. National Exhibit in Beijing. Chinese enter the U.S. agricultural exhibit hall. William L. Davis, Jr., U.S. Agricultural Counselor (right) and John E. Patrick, U.S. Agriculturea Attaché (center), greet Chinese Ministry of Agriculture officials.

The Chinese have a tremendous desire to learn

Agricultural specialists from the United States found great enthusiasm among their Chinese counterparts for furthering U.S.-China cooperation in the swine and poultry sectors. Their views:

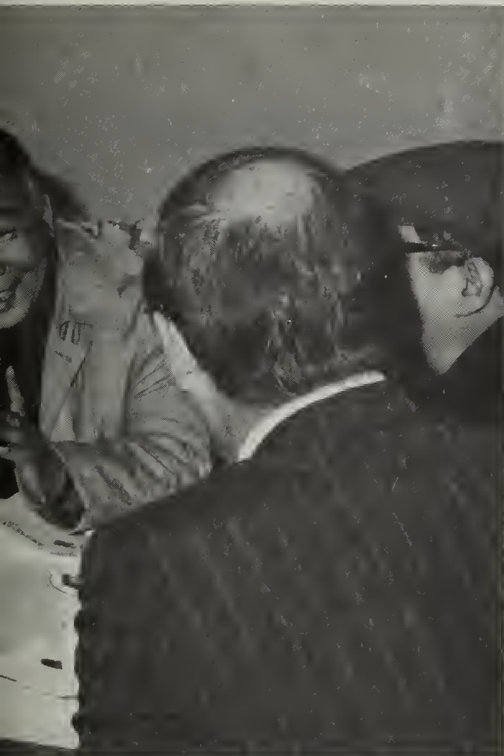
Dr. Lauren Christian, swine nutritionist at Iowa State University, served as a seminar leader at the U.S. trade show in Beijing. He sees a major opportunity for U.S.-Chinese cooperation in swine breeding.

"Chinese breeds have several advantages—large litter size and good mothering ability, but their rate of growth is poor. Many are quick to mature and small at maturity. Some may take as long as 12 months to get to market—at a weight of 175 pounds. This is 65 pounds below typical U.S. market weight.

"They need more size at maturity, better rate of growth, better feed conversion, more leanness and muscling.

"Crossbreeding studies would help determine to what extent first crosses with American breeds would add some of these qualities—without taking away the litter size and mothering ability of the native swine."

Continued on page 18



France

U.S. food products were a hit at SIAL exhibition in Paris

Paris—the city of haute cuisine—played host to the samplings of cuisines and food products of 45 countries, including the United States, at the 9th Salon International de L'Alimentation (SIAL) international food exhibition held at the Porte de Versailles convention center, Nov. 17-22, 1980.

Eighty-five U.S. companies under the sponsorship of the Foreign Agricultural Service and the Mid-America International Agri-Trade Council (MIATCO), a nonprofit export council made up of 12 midwestern State Department of Agriculture, displayed their products to hundreds of French and European buyers.

The U.S. exhibit featured everything from soup (and soup bases from the L.J. Minor Company of Colonial Heights, Va.) to nuts (Swig Pecans of Las Cruces, N.M. and Standard Brands of New York, N.Y.). Popcorn from the Midwest, California wines, fruits and vegetables from Michigan, wild rice from Minnesota, fresh and dehydrated potato products from Oregon, and bear meat sausage were just a small sampling of the variety of the U.S. pavillion.

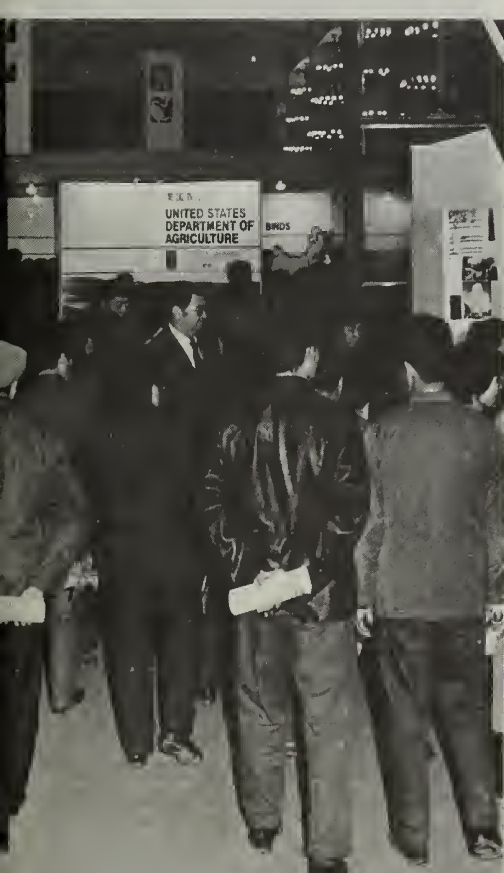
Altogether, agricultural and seafood products from 25 U.S. States were displayed. On hand to help out with the promotion were marketing officials from 11 States, including Mark W. Seetin, Minnesota Commissioner of Agriculture. "We're very happy with the response here at SIAL to Minnesota food products," said Seetin. "It has exceeded our expectations, with excellent leads made for exhibitors here and for firms back home. Minnesota, with 4 million people and 30 million acres of food-producing land, has a tremendous resource that must be developed. The export market is there for food and food processing technology and it is the only way we have to offset our high energy import bill."

LaVerne Brabant, executive director of MIATCO, said the response of foreign buyers to the U.S. part of the exhibit was quite favorable. He said one product that was an immediate hit with the French was canned corn.

"The French used to view corn as just animal feed," said Brabant. "But that attitude is definitely changing. Canned corn is very attractive to the French who like it because it is a new item (for them). They use it in salads a lot, rather than as we use it in the States as a side dish."

U.S. Agricultural Counselor in Paris, Turner Oyloe, said exhibits such as SIAL, which is held every 2 years, offer an excellent opportunity to expand the U.S. share of the French market. The current level is about $800 million, mostly bulk items such

Continued on page 32



In London, Sam Heikes (left) of Sigco Sun Products, discusses his sunflowerseed products with an interested buyer. After showing their products in Paris, a group of U.S. exhibitors held a 2-day showing at the U.S. embassy in the British capital.

Ireland

Premier U.S. food promotion in Ireland features An American Thanksgiving and California wine

Historic Bullock Castle in Dalkey, Ireland, just outside Dublin, was the kick-off point for a weeklong U.S. food and wine promotion, November 25-30, 1980, sponsored by the Office of the U.S. Agricultural Attaché to Ireland. Participating were several market development cooperators, nonprofit commodity trade associations.

U.S. Ambassador William V. Shannon launched the first Irish-American week promotion at a reception in Bullock Castle for members of the Irish food trade, including representatives from supermarket chains, importers, and Irish officials.

The U.S. promotion, which was tied to the American Thanksgiving holiday, included a variety of activities throughout the week, such as cookery demonstrations and menu promotions in some of the top restaurants in Dalkey that featured U.S. rice, sweet potatoes, cranberries, and California wines. Also scheduled were an Irish-American Society Thanksgiving luncheon; a combined American/Irish Women's Club Thanksgiving luncheon; and California wine and champagne tastings.

The objective of the U.S. promotion, according to U.S. Agricultural Attaché Margaret Mason, was to create an awareness of, and stimulate demand for, U.S. foods. Mason said California wines, walnuts, and cranberries have the greatest potential in the Irish market at this time.

Above, a U.S. cookery demonstration; right, Mrs. Breda O'Kennedy, wife of the Irish Minister of Finance, and T. P. Whelehan, wine writer for the Irish Times, try California wines.

Cooperators participating in the U.S. food promotion week included the Poultry and Egg Institute of America, Rice Council for Market Development, Meat Export Federation, and the U.S.A. Dry Pea and Lentil Council. Also in Dublin for the activities were representatives from the European offices of the States of North Carolina and Virginia.

Ireland is a sizable importer of U.S agricultural products, taking $75 million in 1980 and $77 million in fiscal 1979.—*By Lynn Krawczyk, Information Division, FAS.* □

China

Interest in U.S. exhibit in Beijing ran high.

Continued from page 16

Dr. Maynard Hogberg, extension swine specialist at Michigan State University, emphasizes the enthusiasm of Chinese hog producers for the improvement of their industry. "The Chinese have a tremendous desire to learn, to change, to improve. That seems to be a common ingredient among swine producers the world over. We need to work with them more, both in breeding and in management."

Dr. Talmadge S. Nelson, poultry nutritionist at the University of Arkansas, says Chinese broiler producers have two principal needs: (1) Consistent sources of high-quality feed ingredients, and (2) Better laboratories for the analysis of feed ingredients and finished feeds.

Prof. Dennis Armstrong, University of Arizona dairy scientist, sees a large potential for technical exchange with China. "And it won't be a one-way street. A great deal of good work is being done here, and we can benefit from it in the United States—for example, their work in controlling disease in calves and in getting maximum yields and production with minimum land and resources. The range of climatic factors in China is quite similar to the United States, and there will be many opportunities to exchange information for the benefit of both sides."

Food Prices Still Rising But Follow No Pattern

Although food prices are generally increasing in the cities participating in the FAS Survey of Retail Food Prices in Selected World Capitals, it is difficult to attribute the rises to any one cause. In the case of some foods, seasonal shortages account for the increases; in others, the price rises stem from the late arrival on the market of new crops and the poor condition of some 1980 crops.

Bern. Meat price trends were varied, while most fruits and vegetables showed seasonal increases since the last survey in November 1980. Milk prices continued to climb because of changes in the Swiss Government's support policy for milk producers. California walnuts and Israeli pecans (both inshell) were in good supply on the Swiss market during the holiday season.

Bonn. Lower beef prices reflect larger slaughterings in recent months and changes in the type of cuts available at the meat counter. Butter prices were sharply higher in most stores, although one outlet offered butter at a bargain price. Potato price increases were the normal thing in most stores, the result of a poor domestic crop and the presence of large volumes of imported potatoes. Orange prices for the first time reflected the weight-marking of packages, a new development. Such markings probably give a more accurate per-kilogram price than ever before.

Brussels. Retail prices for the best cuts were down 2 percent since the November 1980 survey, largely because of smaller demand, but prices for lower quality cuts were unchanged. Retail prices for pork chops remained at the previous low level, but pork roast prices were 3 percent higher. Bacon prices were up 5 percent to a record high. Broiler prices declined 6 percent to "normal" price levels while egg prices rose by 21 percent to an abnormal level because of the greater holiday demand, coupled with smaller domestic supply.

Cheddar cheese prices dropped 17 percent to unusually low levels, but margarine and vegetable cooking oil prices rose somewhat, reflecting in part higher world prices for vegetable oils and a strengthening of the U.S. dollar. The January survey price for tomatoes was 179 percent above the November figure, and was 79 percent higher than that of a year ago, resulting from a smaller domestic supply of hothouse tomatoes, coupled with the large holiday demand.

FAS Survey of Average Retail Food Prices in Selected World Capitals, January 6, 1981

(In U.S. dollars per kg[1] or units as indicated, converted at current exchange rates)

Item	Bern	Bonn	Brasilia	Brussels	Buenos Aires	Canberra	Copenhagen	London	Madrid	Mexico City	Ottawa	Paris	Rome	Stockholm	The Hague	Tokyo	Wash., D.C.
Steak, sirloin, boneless	18.13	8.95	2.64	12.06	8.00	8.70	13.63	12.70	8.16	4.68	7.76	10.49	11.84	16.95	11.98	41.87	6.37
Roast, chuck, boneless	8.50	8.03	2.37	6.74	7.00	5.56	7.14	6.68	5.40	4.30	4.70	10.01	10.76	11.01	6.97	31.16	4.28
Pork chops	9.07	6.42	3.93	4.97	9.00	6.31	6.70	6.14	4.18	4.27	4.71	5.52	6.46	8.94	5.99	9.05	4.06
Roast, pork, boneless	13.32	5.19	4.05	5.29	11.50	4.99	8.21	5.28	6.52	5.50	4.17	6.36	7.00	14.72	7.25	10.19	3.28
Bacon, sliced, pkgd.	5.67	8.75	7.67	5.67	12.00	7.99	8.50	8.36	7.45	4.21	4.51	20.91	6.46	9.92	10.72	9.96	3.95
Broilers, whole	3.12	2.59	1.67	3.10	4.75	2.96	3.72	2.38	1.66	3.22	2.56	3.83	3.01	4.87	2.08	4.15	1.30
Eggs, dozen	2.49	1.68	.77	1.84	1.80	1.68	2.07	1.99	1.25	.85	1.02	2.26	1.59	2.45	1.46	1.82	1.03
Butter	8.07	4.52	3.07	4.81	8.10	2.75	4.18	4.23	8.33	6.18	3.30	5.72	5.30	4.59	4.10	6.82	5.18
Margarine	2.95	1.55	1.53	2.44	6.35	2.31	2.16	2.59	3.54	2.65	2.44	3.54	2.37	3.59	1.52	2.66	2.18
Cheese, Cheddar	7.99	6.20	4.08	5.64	12.00	2.99	6.68	5.40	8.22	9.76	5.34	6.36	6.03	6.66	6.46	6.03	6.37
Milk, whole, liter	.79	.50	.37	.63	1.65	.59	.63	.78	.53	.48	.63	.57	.59	.64	.50	.91	.73
Oil, cooking, liter	2.04	1.64	.84	1.87	4.10	2.45	3.27	2.04	1.43	1.28	1.94	1.78	1.01	5.61	1.21	1.97	1.89
Tomatoes	2.38	2.74	.51	4.94	1.70	2.30	4.91	3.07	.97	1.48	1.71	1.65	2.15	5.49	2.33	5.44	1.52
Onions, yellow	1.02	.72	.35	.63	1.00	1.34	1.39	1.01	.30	.54	.66	.64	.65	1.59	.56	1.17	.77
Potatoes	.56	.97	.69	.25	.80	.76	.61	.37	.26	.67	.43	.29	.38	.79	.16	1.06	.64
Apples	1.42	1.23	1.53	.95	2.25	2.05	1.36	1.27	.77	1.92	1.46	.77	.86	1.63	.35	1.69	1.41
Oranges	.85	.78	.18	.92	1.35	2.17	1.50	1.25	.70	.24	1.43	.95	1.08	1.36	(2)	1.14	.75
Bread, white, pkgd.	1.93	1.07	.77	1.11	2.50	1.30	1.76	1.16	.98	.82	1.04	2.29	1.72	2.81	.88	1.70	1.48
Rice	1.08	1.31	.52	1.01	2.05	.92	1.86	1.48	1.29	.82	2.03	1.31	1.08	1.81	.90	1.57	.97
Sugar	1.02	.92	.43	1.11	1.55	.59	1.74	.89	.68	.58	1.06	.88	.93	1.19	.87	1.39	2.09
Coffee	7.71	9.32	2.79	7.00	13.10	15.41	8.51	10.80	6.81	4.48	7.35	8.10	8.72	7.51	5.02	14.79	6.37

Prices in this table may not be directly comparable due to differences in quality, packaging, and seasonal variations in supply.

[1] 1 kilogram = 2.2046 pounds. 1 liter = 1.0567 quart. [2] Not available.

Buenos Aires. Pork and broiler prices have increased significantly since the November price survey, reflecting high yearend demand. On the other hand, vegetable prices dropped because local supplies were larger. The increases for the other food products normally surveyed approximate the cost-of-living increase for the last 2 months.

Canberra. Prices of a number of key food items have increased significantly since the November food survey. Most of the rises can be traced to the widespread drought that persisted through the Australian spring and into the summer, or normal seasonal factors that affect prices in most years.

Beef prices showed a mixed tendency, with the price of higher quality cuts going up and lower quality cuts—such as chuck—declining. This was probably a result of the drought. Pork and broiler prices increased. The pork and bacon prices were partly seasonal, but their price increases—and the broiler price increases—also were influenced by steeply higher feed prices.

The increases in apple and orange prices were almost entirely seasonal as new-crop apples were not yet available and new-crop oranges were just starting to enter the market.

Copenhagen. Since the November survey, further price cuts have occurred at retail for coffee and domestically produced fresh vegetables, especially potatoes and onions.

Meat prices have remained stable. Producers of poultry received several increases during December, but the rises had not yet been reflected at retail. Imported produce, such as tomatoes, showed normal seasonal increases.

London. Since the November price survey, meat prices have been influenced by the usual slump in food purchases that becomes apparent in the new year. However, this generalization does not apply uniformly to cheaper meat cuts. Demand for stewing meat was strong.

Broiler prices were also subject to the current post-Christmas shopping lethargy concerning poultry meat generally. Eggs were still at or near the seasonal price peak, but with prices expected to fall unless weather turns particularly cold.

The milk price was up somewhat as the Government raised the retail price 1½ pence to help distributors meet rising costs and to give farmers more cash.

Madrid. Retail prices for most food items have generally remained level during the past 2 months, with most changes resulting from seasonal patterns and Government price actions. However, severe frost damage in December pushed tomato prices up sharply, and orange prices were expected to register moderate gains in the near future.

Mexico City. January survey prices reflected increases for red meats, broilers, milk, cheese, butter, margarine, vegetable oil, rice, potatoes, tomatoes, apples, and oranges. In the case of fluid milk, the ceiling price was raised by the Government on November 21, 1980, marking a 30 percent rise from the previous ceiling. Prices declined for bacon, eggs, onions, and roast coffee because special efforts were taken to promote their sale.

Prices remained unchanged for bread and sugar, although sugar is still subject to official price controls.

Ottawa. Livestock markets in January had not yet returned to normal marketing patterns. Aside from this and the offering of turkey as a sales item by nearly all the city's food chains, no distinct factors influenced meat items in January.

Eggs rose 3 cents per dozen as the Canadian Egg Marketing Agency adjusted its pricing formula to reflect higher production costs. Price increases also were noted for all surveyed fruits and vegetables.

Paris. Retail food prices, which had been increasing more than 1 percent per month during the summer, slowed in October and November. Food prices rose by about 0.8 percent in November, similar to the October rise. It now appears that the food price increase for all of 1980 will be about or less than 10 percent. This compares with an overall consumer price increase of around 13.5 percent projected for 1980.

According to the National Institute for Economic Statistics, the largest food price increases were for fruits and vegetables, poultry, alcoholic beverages, grocery items, and eggs.

Rome. As expected, prices of most food items included in the January survey were substantially higher than prices in the November survey, chiefly because of higher demand during the holiday season. Only pork and orange prices were lower because of expanded supply in the domestic market, a usual thing for both items in the postholiday period. It was expected that the current high Italian inflation rate would cause further general price increases during the next few weeks.

Stockholm. Retail prices of "basic foods"—meat, dairy products, and bread—were substantially higher in January 1981 than in November 1980, when the last Food Price Survey was taken. Behind the increases were higher prices paid to producers resulting from the recently concluded Biannual Agricultural Cost Compensation Agreement, the Government's decision to reduce basic food subsidies, and an agreement to boost retail price margins by 1.2 percent.

Tokyo. While most beef prices were depressed somewhat, expensive cuts such as sirloin from domestic Wagyu carcasses were stable to stronger because of the limited supply. Retail pork prices strengthened slightly as the supply and demand balance has tightened because of slowdowns in domestic production growth, stronger demand, and smaller imports.

Fruit and vegetables are subject to seasonal factors. Imported orange prices, in particular, were higher during the last 2 weeks of December.

Because coffee bean prices on the export market have been dropping since last June, while the yen has been appreciating, the coffee industry foresees an inevitable price cut for coffee of about 10 percent in the near future. □

Food prices of selected commodites are obtained by U.S. agricultural counselors and attaches on the first Tuesday of every other month. Local currency prices are converted to U.S. prices on the basis of exchange rates on the date of compilation. Thus, shifts in exchange rates directly affect comparisons between time periods.

The objective of the survey is to reflect the level of prices in other countries of items normally purchased by U.S. consumers. Exact comparisons are not always possible, since quality and availability vary greatly among countries. An attempt is made to maintain consistency in the items and outlets sampled, but they are not necessarily representative of those in the reporting countries.

United States and China: The Agricultural Connection—II

(For Fact File's first coverage of the U.S.-China agricultural connection, see *Foreign Agriculture,* **September 1979.)**

China became one of the five largest markets for U.S. agricultural products in fiscal 1980. Shipments of U.S. farm products to China rose from zero in fiscal 1972 to $1.9 billion in fiscal 1980. But the agricultural relationship between the United States and China involves more than just a measure of U.S. shipments in dollar value. It also is bolstered by a trade agreement, a grain supply agreement, work by commodity trade groups in China, and technical exchange teams.

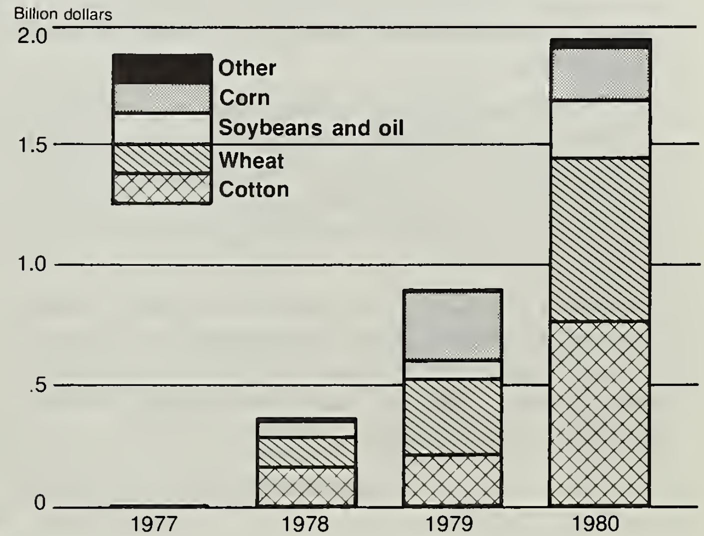
A trade agreement between the United States and China was initialed in Beijing in May 1979 and took effect in February 1980. Among the most publicized features of the U.S.-China Trade Agreement was the mutual extension of most-favored-nation (MFN) treatment. Most U.S. trading partners enjoy MFN status, but nonmarket economies can be granted MFN treatment only through bilateral agreements. While MFN customs duties will probably most affect Chinese exports to the United States, U.S. exporters are expected to benefit from MFN-related provisions such as liberalized, less stringent licensing procedures, as well as from the improved trading climate created by the Agreement.

Other provisions of the U.S.-China Trade Agreement that apply directly to agriculture include provisions for opening a trade office in Beijing and for market development activities of U.S. agribusiness and trade organizations, such as the nonprofit commodity groups (cooperators) that work with the Foreign Agricultural Service in overseas promotion; extensions of export credits for China's imports of U.S. products, including financing made available or guaranteed by the USDA's Commodity Credit Corporation (CCC); and safeguards against market disruption.

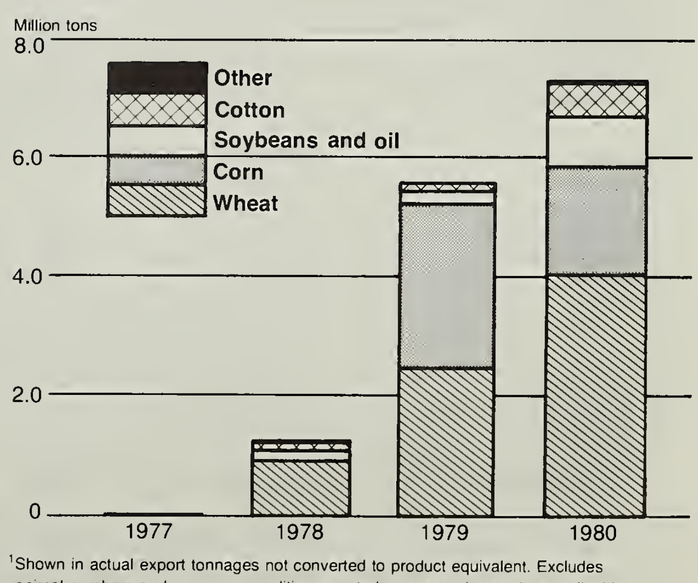
Given the authority in the trade agreement for opening a trade office, the first agricultural trade officer was assigned to Beijing in November 1980. The agricultural trade officer directs market development efforts in China, including assisting the cooperator organizations currently working in China under continuing agreements.

Although the U.S.-China Trade Agreement extended eligibility for purchases of commodities under credit programs such as CCC credit, intermediate credit, and risk-assurance credit guarantee programs, the Chinese

U.S. Farm Exports to China, Fiscal Years 1977-80



U.S. Farm Exports to China, Fiscal Years 1977-80[1]



[1]Shown in actual export tonnages not converted to product equivalent. Excludes animal numbers and some commodities reported in cases, pieces, dozens, liquid measure, etc.

have not requested a line of credit to date. Provisions for safeguards against market disruption include that any bilateral trade problem be the subject of consultations.

Since the United States and China resumed trading in 1972, grain trade has fluctuated from zero tons in some years to roughly 4 million metric tons in 1973 and 1979. The prospects for more regular grain trade between the United States and China have grown brighter with the signing of the U.S.-China Grain Supply Agreement Oct. 21, 1980, in Beijing. It commits China to purchasing and the United States to supplying at least 6 million tons of wheat and corn anually over a 4-year period beginning Jan. 1, 1981.

The Agreement also provides for annual consultations between the United States and China. The Agreement specifies that all purchasing will be done through normal private commercial channels at prevailing market prices. In the current fiscal year (1981), China is expected to purchase 7-8 million tons of wheat, 1.0-1.5 million tons of corn, 750,000 tons of soybeans, and 1.25 million running bales of cotton.

The United States and China have signed an agreement on cooperation in science and technology and have reached an understanding on agricultural exchanges. During fiscal 1980, 22 teams were exchanged between the United States and China in such areas as animal science, forestry, and germ plasm.

A U.S. market development cooperator team that visited China in March 1979 also reached an informal agreement to exchange technical delegations in seeds and grasslands management, baking, feed processing, laboratory equipment, and animal husbandry. On July 23, 1980, representatives from U.S. Wheat Associates and the head of China's Ministry of Light Industry signed an agreement for establishing a model demonstration bakery in Beijing.

The Chinese wish to work closely with the cooperator groups in modernizing the agricultural sector, and they are considering additional cooperator proposals in the fruit, leather, seeds, cotton, grain, oilseed, and livestock sectors. USDA and nine cooperating commodity organizations participated in the U.S. National Economic and Trade Exhibition in Beijing, Nov. 17-28, 1980. The exhibit included 23 technical seminars.

Modernization is intended to enable the Chinese both to improve their diet and to reach an output of 400 million tons of grain by 1985. Most observers believe that 350 million tons is more likely.

Despite its goal of modernization and increased production, the Chinese market is expected to remain a good one for the United States. In fiscal 1980, Chinese purchases of U.S. farm products reached almost $2 billion, including $755 million for cotton, $671 million for wheat, $257 million for soybeans and oil, and $226 million for corn. China's exports of agricultural products are an important source of hard currency. China exports agri-business products, but these are a small part of its agriculture-related exports. Rice, fruit and vegetables, and livestock and products have been top Chinese exports.

U.S. agricultural imports from China have been small, totaling $123 million in fiscal 1980. Major imports have included poultry products ($22 million), livestock products ($21 million), fruit, nut, and vegetable products ($12 million), and tea ($10 million).

Imports of Major Agricultural Commodities By the People's Republic of China, Calendar Years, 1972-80

(In thousand metric tons)

Item	1972	1973	1974	1975	1976	1977	1978	1979	1980[1]
Total grain									
Argentina	14	158	735	172	—	850	191	912	—
Australia	0	768	1,318	1,352	934	2,985	2,435	2,735	—
Canada	3,687	2,398	1,772	1,922	987	3,003	3,275	2,742	—
United States	941	4,315	2,759	0	0	0	3,348	3,994	7,500
Other	0	2	206	25	140	0	60	129	
Total	4,642	7,641	6,790	3,459	2,061	6,838	9,309	10,512	12,500
Wheat									
Argentina	0	0	145	65	0	850	0	885	—
Australia	0	768	1,318	1,352	934	2,985	2,435	2,670	—
Canada	3,687	2,398	1,772	1,922	987	3,003	3,275	2,742	—
United States	565	2,815	1,905	0	0	0	2,275	1,604	—
Other	0	0	206	0	0	0	0	75	—
Total	4,252	5,982	5,345	3,339	1,921	6,838	7,985	7,976	11,000
Coarse grain									
Argentina	14	158	590	95	0	0	191	27	—
Australia	0	0	0	0	0	0	0	65	—
Thailand	0	0	0	0	0	0	60	37	—
United States	376	1,500	854	0	0	0	1,073	2,390	—
Total	390	1,658	1,444	95	0	0	1,324	2,519	1,500
U.S. share of total imports percent	20	56	41	0	0	0	36	38	60

— Denotes not available. [1]Estimated

COUNTRY REPORTS

Argentina

Beef Production, Export Downtrends Continue in 1981

The Argentine livestock industry expects cattle slaughter and beef production and exports to fall in 1981, continuing the decline that has been apparent since 1978. Pork and lamb production will be higher than in 1980, although the number of swine and sheep slaughtered will be about the same as last year's. Exports of both of these meats will be down markedly.

Cattle numbers are seen dropping by about 200,000 head in 1980 to 58.5 million, while the number of slaughtered cattle may fall from 14.0 million to 13.7 million in 1981. Beef outturn will sag from 2.86 million metric tons[1] to 2.81 million.

The cattle slaughter rate, which was lower during the first 9 months of 1980 than in the same 1979 period, was expected to slow even more toward the end of the year because of the drop in international demand and the Government's action in extending the value-added tax to meat.

The Government imposed the 10 percent value-added tax on meat and meat products October 6 as part of a general round of economic moves. Most sources expect that the extension of the tax to meat and meat products will initially cause a rise in the retail prices of these goods.

But at the same time, several other taxes dealing with the livestock sector were abolished. These included the tax on the sales of cattle for slaughtering that is contributed to a National Housing fund.

The projected drop in beef slaughter and production will most likely result from livestock producers starting to move from a position of equilibrium to a retention phase, assuming low yearend domestic prices show no sign of improving and international demand does not strengthen.

Although there will probably be fewer cows and calves slaughtered because of this move, a slightly higher average slaughter carcass weight is expected to help cushion the impact of the smaller number of killings.

Domestic wholesale steer prices rose just 20 percent over the 12-month period ending in October 1980, compared with an inflation rate (based on the rise in the wholesale price index) of about 55 percent during the same period.

Beef exports in 1981 are expected to drop 20 percent to 375,000 tons, assuming the Government retains its present exchange rate policy that discourages exports by keeping the rate of devaluation at a level lower than the rate of inflation. External factors that will tend to cut exports are continuing worldwide inflation with its accompanying reduced consumer purchasing power and strengthened competition from the European Community (EC).

The weak international demand resulted in a cut in the export estimate for 1980 to 465,000 tons. Beef exports for the first 9 months of the year totaled 355,000 tons, or more than 35 percent below the 558,000 tons shipped in the same period of 1979.

The Soviet Union continued as the largest purchaser of Argentine fresh, chilled, and frozen beef during the first 9 months of 1980, accounting for 96,500 tons, or more than 40 percent of the period's total export volume of 225,000 tons. There was uncertainty as to what total USSR purchases would be in 1980, but most trade-source estimates ranged between 120,000 and 130,000 tons.

The EC is the largest overall purchaser of Argentine beef, taking canned, cooked, and frozen beef totaling 177,500 tons during the January-September 1979 period. However, during the first three quarters of 1980, demand from the EC was down sharply compared with year earlier figures, amounting to only 110,000 tons.

Domestic beef consumption for 1980 was forecast at about 2.45 million tons, based on a per capita consumption rate of about 92 kilograms. This compares with slightly over 86 kilograms of beef per capita in 1979. The rate of consumption was expected to drop in the last quarter of 1980 because of the increase in retail prices resulting from the imposition of the value-added tax to meats.

Sheep slaughter for 1980 was revised upward to 7.1 million head, based on a higher January-June kill than expected earlier.

For 1981, sheep slaughter is projected at 7.0 million head, about the same as the 1980 level, but more than 10 percent below the 1978 kill.

Hog slaughter in 1980 was revised downward from earlier estimates to 3.0 million head. January-June 1980 slaughter was expected to be 1.44 million, 255,000 head below the previous estimate. The July-September kill was estimated at 765,000 head. For 1981, hog slaughter is projected at 3.0 million head, or the same as the kill expected in 1980.

Lambmeat exports will probably fall from 18,000 tons in 1980 to 15,000 tons in 1981.—*Based on a report by James V. Parker, U.S. Agricultural Attaché, Buenos Aires.* □

[1] All meat production and export figures are in carcass-weight equivalents.

Canada

Oilseed Output Declines Sharply In Response to Worldwide Abundance

Canada's oilseed production decline dramatically in 1980 as producers sharply reduced their planting in response to the abundance of oilseed supplies in Canada and the world market. The lone exception was soybean area, which stayed at the year-earlier level, and production, which increased.

Despite the overall production drop, Canada's total oilseed supplies remain relatively high because of large 1979/80 carryover stocks.

Exports of rapeseed and sunflowerseed are expected to plummet during marketing year 1980/81 (August-July) because of the world's surplus in edible oils. Flaxseed exports, however, should continue at high levels.

Given the export projection and slightly higher domestic oilseed requirements, Canada's carryout stocks on July 31, 1981, will probably again be relatively abundant.

With a smaller planted area in 1980, Canada's production of rapeseed—the country's principal oilseed—is now estimated by Statistics Canada at 2.5 million metric tons, some 26 percent below the year-earlier level of 3.4 million tons.

An even greater drop of 38 percent is being estimated for flaxseed output, which fell from 815,000 tons in 1979/80 to 465,000 tons in 1980/81. During the same period, soybean production rose from 672,000 tons to 713,000 as area remained the same, but yields improved.

During the past year, about 80 hectares of peanuts were seeded and harvested in southwestern Ontario—reportedly the first commercial peanut crop grown in Canada. This followed several years of research by the University of Guelph, showing that there is potential for growing peanuts as an economically viable crop in Ontario.

Peanuts mainly provide an alternative for tobacco producers looking for a new crop to supplement or rotate with tobacco area, which is limited by industry-agreed quotas.

Swaths of rapeseed—Canada's No. 1 oilseed.

It is hoped that Canada's peanut area will be expanded eventually to several thousand acres, thus replacing part of the country's import requirements. Nonetheless, it will probably take several years to refine production techniques and gain wider acceptance among farmers.

Domestic use of oilseeds is expected to rise again in 1980/81. Rapeseed and soybean crushing hit record levels in 1979/80, largely because of expansion in total plant capacity.

Crushers still appear to be operating at about 80 percent capacity, however, a larger volume is seen this year as crushers face a relatively strong demand for meal, but a weak oil market.

Planned or actual expansion is underway for at least four rapeseed crushing plants in western Canada and construction of a new plant in Manitoba is scheduled to begin in April 1981.

As a result, trade sources indicate that Canada's rapeseed crushing capacity could increase from the present 4,250 tons per day to 5,500 tons daily by 1983.

With tight feedgrain supplies and higher prices, domestic demand for meals high in protein should continue to be brisk in 1980/81, though possibly below the 1979/80 record level because of the anticipated drop in hog production. Consumption of rapeseed oil will likely continue upward, increasing its current 47-percent share of the Canadian vegetable oil market.

On the export side, shipments of rapeseed during the first 3 months of the current season were running 40 percent below the 1979/80 pace. For the full year, exports are forecast at 1.3 million tons, down from 1.7 million a year earlier.

Because of its higher oil content, rapeseed tends to be at a disadvantage vis-a-vis soybeans when demand for edible oils is weak relative to demand for meals high in protein.

Due to the large French rapeseed crop, Canada's exports to the European Community should fall sharply to 100,000-200,000 tons in 1980/81 from 463,000 tons the previous year. Exports to Japan, by far Canada's largest market, are forecast at 1 million tons—about 100,000 less than those last year.

Rapeseed meal exports should remain strong in face of the continued demand for high-protein meals and tight feedgrain outlook. Exports of rapeseed oil also may rise this year because of the increased crush and large oil stocks in Canada.

Exports of Canadian flaxseed are likely to continue at high levels—due primarily to the expected lower production in Argentina. Flaxseed exports in 1980/81 are estimated at 475,000 tons versus 449,000 tons in 1979/80.

Canadian sunflowerseed will face the same difficulties in export markets as rapeseed because it, too, has a relatively high oil content. However, prospects of a smaller sunflowerseed output in the Soviet Union may provide additional demand for Canadian sunflowerseed—and rapeseed.

Canada's soybean imports are also seen advancing in 1980/81, from 423,000 tons the year earlier to 450,000 tons. The higher Canadian soybean crush last year bolsters the trend toward the import of soybeans in seed rather than in product form. A slight gain is seen in soybean exports, from 55,000 tons shipped in 1979/80 to about 60,000 tons this year.

Canada's transportation system continues to be a limiting factor in expanding grain and oilseed exports

from western Canada. Approximately 3,000 hopper cars were added to the fleet in 1979/80 and some 4,000 more are expected to go on the line this crop year. The additions will bring the total fleet up to nearly 15,000 hopper cars in addition to the estimated 13,000-14,000 boxcars that remain in the grain fleet.

The expansion in rolling stock, combined with other projects to improve the nation's transport and handling systems, should spur an increase in Canada's grain and oilseed export capacity.

Canada's fish oil and meal production in 1979 is estimated at 10,000 and 62,000 tons, respectively, down from the year-earlier levels. Net exports of fish oil in 1980 totaled 8,810 tons versus 11,132 tons the previous year while net exports of fish meal stood at 25,800 tons in 1980, virtually the same as the year before.—*Based on a report from Alexander Bernitz, U.S. Agricultural Counselor, Ottawa.* □

Spain

Accession to European Community May Bring Larger Citrus Sales

Spain, a major producer of citrus and the world's largest exporter of fresh citrus, probably will increase its sales markedly to the European Community after it joins that grouping on or about January 1, 1984. Long-term rises are expected to be gradual following the first flush in which increases will be sharp. Some observers think a rise of 20-30 percent is a reasonable figure for the period immediately following accession, given improvements in production and marketing efficiencies, and the benefits derived from zero-duty treatment by the Community.

However, unless the required improvements are made in Spain's production and marketing methods, there is little chance Spain will be able to raise outturn or increase by much sales to the Community, even if the EC grants Spain zero duties, eliminates reference prices, and gives the industry financial assistance. This assumption is based on:

- Continuing stability in EC consumption patterns;
- A limit to the amount of irrigation water;
- Sales enlargements in the EC by Africa, Caribbean, and Pacific citrus-producing countries, reflecting their lower cost production, improved transportation methods, and the concessionary treatment accorded those countries by the Community;
- The threat posed to Spain's large-scale citrus production by rising input costs; and
- The competition for land from such crops as vegetables and/or corn.

Under normal circumstances, exports of fresh citrus between now and 1984 or 1985 are expected to remain more or less static save for increases that could result from a drop in the number of competitors for West European markets. Also affecting sales during that period might be sporadic declines in European output of apples and pears, and climatic conditions such as hot summers, or winter conditions such as flu epidemics, both of which would be conducive to larger citrus sales.

Spain is likely to remain oriented to the fresh citrus market both as a producer and exporter. This means that before accession to the EC, exports of citrus products will continue to dwindle, along with fresh fruit supplies available for processing and Government assistance to processors. The situation could change after Spain joins the Community, however, as high-quality Spanish products such as orange juice and tangerine segments would probably find a ready market in the EC.

Market promotion activities by the Spanish are limited to fresh citrus fruits and are carried out by the Citrus Coordinating Committee. In 1979/80, the Committee spent $3.15 million to promote citrus exports. On a per-ton-investment basis, promotional efforts by Israel and Morocco—financed at an estimated $5.35 million and $4.01 million, respectively—were more intensive than those of Spain. Spain reportedly is spending only an average of $2-$2.27 per ton to promote its citrus products.

Advertising and promotional activities undertaken by the Committee in 1979/80 were centered mainly on Western Europe, notably France (where $870,000 was spent), West Germany ($803,000), the United Kingdom ($468,000), and the Benelux countries ($402,000).

Advertising on television and radio, and in periodicals—along with in-store promotion—absorbed most of the budget. Some of the Committee's funds went to sponsor trips to Spanish citrus-producing regions by foreign importers, wholesalers, and retailers. Promotional activities by Spain in 1980/81 will continue along the same lines, financed by a budget estimated at $3.35 million.

Neither the Spanish Government nor the trade has yet released a detailed tabulation of exports in the 1979/80 season. On the basis of preliminary data, announced by the Ministry of Agriculture, exports in the 1979/80 season totaled 1.74 million metric tons. Some 862,000 tons of the total were oranges; 638,000, tangerines; 235,000, lemons; 5,000, grapefruit; and 5,000 tons of other citrus, for a 3 percent gain over 1978/79's.

The only breakdown of exports in 1979/80 is for total citrus by country of destination. This shows that France took 569,000 tons of Spanish citrus of all kinds, followed by West Germany, 502,000 tons; the Netherlands, 142,000 tons, the United Kingdom and Ireland, 134,000, and Belgium/Luxembourg, 121,000 tons. Eastern Europe took 157,000 tons and all other markets took 120,000 tons.

Except for lemons, there were no major changes in

Data for the past marketing year and a forecast for the current season show the general trends in Spain's citrus production, exports, and processing. Units are 1,000 tons.

	1979/80[1]	1980/81[2]
Production:		
Oranges[3]	1,730	1,655
Tangerines	867	853
Lemons	317	317
Grapefruit	9	9
Exports:		
Oranges[3]	862	750
Tangerines	638	610
Lemons	235	235
Grapefruit	5	5
Processed Citrus:		
Oranges[3]	115	140
Tangerines	75	100
Lemons	18	25
Grapefruit	2	2

[1]Preliminary. [2]Forecast. [3]Excluding bitter oranges.

the quantity of citrus fruits exported in 1979/80. The rise in lemon exports—12 percent larger than in the previous year—resulted because of a near-record 1979 Spanish crop level, competitive prices, and sales to Eastern Europe.

The 1980/81 citrus crop was originally forecast to be about the same as last season's harvest, but freeze damage occurred late in November-December 1980 and caused the loss of about 100,000 tons of fruit.

Exports in 1980/81 are projected to be essentially the same as in 1979/80, but the total could be adversely affected by sharp increases in fruit prices, a rise in packing costs, and fruit of smaller than normal size. No major changes are anticipated in export destinations.—*Based on report by Leon G. Mears, U.S. Agricultural Attaché, Madrid.* □

Spain

Dairy Team Visits Breeding, Milking Operations in U.S.

A six-man team, composed of a Spanish Ministry of Agriculture official, dairy farm owners, and dairy industry businessmen recently visited a dozen farms in Arizona and California to study U.S. dairyherd management practices, particularly those applicable to hot, dry regions. The trip was arranged by the U.S. Feed Grains Council and the U.S. Holstein-Friesian Association of America, USDA market development cooperators.

Participating in the program were Alfonso Perez-Adujar, owner of two farms with a combined dairy herd of 500; Antonio Sanchez Bedoya, owner of a Seville farm with 195; Dr. Jose Cruanez Oliver, veterinarian and president of a company of 435 farmers with 2,000 animals; Dr. Antonio Salvador Chico, veterinarian and research director of a national milk holding company of 30,000 dairy farmers; and Dr. Benito Canto Diez, a Ministry of Agriculture official. They were accompanied by Antonio Reus, U.S. Feed Grains Council's director for Spain and Portugal, and James V. Zarndt, the Holstein-Friesian Association's international market development administrator.

Spanish agricultural team visits an American dairy located in southwestern United States, where hot, arid climate requires special herd management.

During the weeklong trip, the team visited farms where they studied cattle milking practices, all-weather open housing, calf health safeguards, and nutrition, feeding, and herd improvement programs. Visiting farms with herds ranging from 500 head to 3,000 head, they expressed interest in most aspects of the U. S. industry, but were particularly impressed by the high level of technology developed for the feeding, milking, and breeding of dairy cows.

One of the techniques demonstrated for the visiting dairymen was the use of a computer in developing feed rations, using ingredients that are generally available and in considerable volume—and thus relatively low in cost.

Highly technical pipeline milking operations, using automatically operated udder washing equipment and mechanized milking machinery that removes the milking connection at the end of the cycle, also were demonstrated.

The U. S. farm managers pointed out that while milk output per cow varies slightly from day to day, it usually ranges from 50 to 80 pounds, influenced by the number of daily milkings and the nutritional level of the feed rations. Of interest to the visitors was that annual milk production on the visited farms averaged upward to 21,000 pounds and butterfat output to 750.

The Spaniards ended their U. S. trip with a visit to U. S. Holstein-Friesian Association's headquarters in Brattleboro, Vt., home of the national Holstein herdbook.—*Based on report by James Yanizyn, Holstein-Friesian Association of America.* □

Japan

More Supplier Countries Seek Shares of Growing Food Market

The thriving Japanese market for agricultural products continues to attract keen marketing interest among supplier countries.

In calendar 1979, a record-high total of 49 countries—including the United States, the leading supplier—promoted the sale of farm products in Japan.

These 49 countries—five more than in 1978—spent an estimated $6.8 million in Japan on a variety of promotional activities—an outlay 5.7 percent higher than the estimated 1978 total.

U.S. exporters of farm products are continuing to compete effectively in Japan this year, and consequently are expected to maintain their leading position in that market.

Total expenditures by all participating countries were expected to increase during calendar 1980, largely because China was to repeat a solo exhibit in summer 1980 similar to one held in 1977. No appreciable changes were expected in expenditures of other competing countries. There are few major shifts in promotional trends or types of agricultural products in the marketing spotlight this year. Supplying countries are

emphasizing promotion of prepared and processed foods, including dairy products, particularly cheese; meat and meat products; and wines and other alcoholic beverages.

There has been a modest increase in the number and scope of point-of-purchase and consumer promotions in department stores and supermarkets in combinations with product seminars and samplings of national cuisine in leading hotels and restaurants, as well as increased utilization of trade teams and other activities to promote products through Government and/or private organizations.

A majority of the promotional programs conducted by competing countries in 1979 (the last year for which complete data are available) were similar to 1978's programs.

Market promotion activities were intensified by Australia, Brazil, Canada, Denmark, France, the Netherlands, Norway, Singapore, Spain, Sri Lanka, Switzerland, Uganda, the United Kingdom, and West Germany. The stepped-up activities included increasing the number and scope of point-of-purchase programs, participation in international trade fairs, inaugurating a cognac promotion center in Tokyo, sending a number of major trade missions to Japan, and/or inviting Government officials and consumers representatives to their countries with travel expenses covered by the host.

Active market promotions were launched by Argentina, Chile, Colombia, Kenya, Nigeria, Pakistan, Papua New Guinea, the Republic of Central Africa, Tanzania, and Turkey. Market development activities were discontinued during the year by Ecuador, Ghana, Iraq, Senegal, and Thailand.

Most of the promotional activities in 1979 were concentrated in the main consuming areas of Tokyo and Osaka-Kobe, which generally lead the country in setting consumption trends.

Trends in major promotions during 1979 included the following:

- Increased emphasis on point-of-purchase and consumer-type promotions in department stores, supermarkets, and hotels.
- Large numbers of foreign-trade missions and agricultural commodity board teams. Also, many Japanese purchasing and/or inspection teams visited other countries under sponsorship of foreign governments and/or private organizations.
- Increased emphasis on processed food promotion, with cheese, meat, wine, and other alcoholic beverages prominently featured.
- A moderate increase in the Japan External Trade Organization's activities to promote imports from developing countries.

A summary of market development activities in Japan during 1979 by some of Japan's major suppliers of agricultural commodities follows:

Australia. Total expenditures were the equivalent of $2.1 million, slightly higher than the 1978 level.

Promotion of wool accounted for $884,000; meat for $449,000. Australia continued to intensify its promotion of agricultural commodities through strong Government-industry cooperative efforts. Product marketing boards, in coordination with the Australian Embassy Trade Office, conducted many promotions in Japan during the year. Consisting of demonstrations, samplings, in-store promotions, and special displays at hotels, department stores, and supermarkets, these promotional activities placed particular emphasis on a wide variety of products. These included chilled beef, processed meat, dairy products, fruits and vegetables, honey, jam, raisins, canned soup, confectioneries, candies, wines, beer, and frozen seafood.

Representatives of the Australian Wheat and Barley Boards visited Japan, and Japanese officials were invited to Australia with travel expenses paid by the host country.

Australia's total market development expenditures for 1980 may have increased as a result of participation during March in the International Hotel and Restaurant Show.

Canada. Promotion of wheat and other grains accounted for $455,000 of the total $745,000 outlay. Canada intensified its market development activities for marine products, while continuing promotions for wheat, chilled meat, and processed foods.

There were a number of Canadian wheat teams and food trade missions visiting Japan, while Japanese Food Agency officials were invited to Canada at Canadian Government expense. The products, promoted with particular emphasis on exhibits in the Canadian Trade Center in Tokyo, and at fairs and festivals in department stores, supermarkets, and hotels, included seafood, chilled beef, whiskey, wine, frozen vegetables, confectioneries, candies, crackers, jam, marmalade, honey, fruit and tomato juices, and soup.

Canada's 1980 market development expenditures are expected to hold at around the $700,000 level.

China. Promotion expenditures by China in Japan were about $310,000, up slightly from the 1978 level. There were no major Chinese food exhibits in Japan during 1979, although minor food fairs were held at major department stores and supermarkets in principal cities. These promotions were sponsored by the stores—not by the Chinese Government.

A number of Chinese trade teams and "agricultural friendship" teams visited Japan to promote vegetables, peanuts, poultry and poultry products, honey, royal jelly, pickles, and fishery products. In return, many Japanese purchasing teams and agricultural technical exchange teams visited China to encourage trade in such Japanese products as buckwheat noodles, chestnuts, soybeans, seafood, and feed crops.

China's expenditures for 1980 was expected to rise from the 1979 level because of a solo food exhibit, similar to one held during 1977 in northern Japan.

New Zealand. Market promotion efforts in 1979, estimated at slightly more than $1 million, were concentrated on meat and meat products ($400,000), dairy products ($165,000), and kiwi fruit. Lamb was promoted in many supermarkets throughout Japan and at the International Hotel and Restaurant Show. In addition, Japanese consumer representatives were invited to New Zealand (expenses paid).

Market development expenditures during 1980 were expected to hold at about the 1979 level.

United Kingdom. In 1979, U.K. market promotion activities in Japan were intensified through samplings and sales at major department stores, supermarkets, and the International Hotel and Restaurant Show. Products featured included whiskey, confectioneries, biscuits, chocolates, mixed candies, fruit

and vegetable juices, coffee, tea, honey, dairy products, processed meats, jam, jelly, and canned soup.

In addition, a number of trade missions visited Japan to promote various alcoholic beverages and food specialties. Expenditures during 1979 for market development activities reached an estimated $310,000, up from about $285,000 the previous year. Expenditures for 1980 were expected to be at a lower level, as there was no scheduled participation in international trade fairs during the year.

West Germany. In 1979 West Germany continued to intensify its market promotion activities for agricultural products, with particular emphasis on wine, beer and other alcoholic beverages, dairy products, processed meats, fruit and vegetable juices, jam, marmalade, honey, pickles, mustard, soup, seafood, diet food, diabetic food, and baby food. Special cooking demonstrations were held, and various wine and food specialties were sampled and sold at food fairs in the World Import Mart, major department stores, and supermarkets.

Expenditures in 1979 advanced to an estimated $325,000 from about $290,000 in 1978. The total outlay for 1980 was expected to hold at approximately the 1979 level.—*Based on reports from Dudley G. Williams, U.S. Agricultural Counselor, Tokyo.* □

The Netherlands

Restaurant Goers Find U.S. Beef a Choice Dish

Top-quality U.S. beef was the star attraction at two restaurant events in the Netherlands in September and October 1980. One was to introduce U.S. products to hotel and restaurant managers and chefs; the other was geared to testing their acceptance in a medium-priced restaurant, according to Clancy V. Jean, U.S. Agricultural Counselor in The Hague.

The September 22 affair was cosponsored by a Netherlands importer of U.S. high-quality beef and a meat wholesaler at the Restaurant Paardenburg, a high-class restaurant in the Amsterdam suburb of Ouderkerk. The other event was scheduled October 3-5 by a 26-restaurant chain at its Gouden Leeuw (Golden Lion) Restaurant in The Hague.

The Agricultural Counselor cooperated with the sponsors of the events, both of which were partly financed by the Foreign Agricultural Service as part of its overseas promotion program for U.S. foods.

Upon arrival at the Restaurant Paardenburg, the guests were escorted to the patio where they were served California champagne. Nearby was a large, refrigerated showcase displaying wholesale cuts of imported U.S. high-quality beef. Elsewhere were a sliced, cold rib-eye roast and Beef Wellington. In other locations were two commercial-sized barbecues where strip loin, New York-cut steaks, and baked potatoes were available. There also was an American-style salad bar.

Approximately 175 attended the Restaurant Paardenburg beef tasting. About 60 top restaurants in the Netherlands were represented. At least 10 of the guests—all important men in the restaurant trade—announced after the event that they planned to have a U.S. Week Menu Feature, at which they contemplated serving U.S. beef.

The sizable turnout, the perfect weather, the excellent manner in which the beef was prepared, and the responses of those attending the event, indicate that U.S. beef will soon be appearing on the menus of some of the Netherlands' top restaurants.

The rib-eye steak dinners at the Gouden Leeuw, one priced at the U.S. equivalent of $11.59, the other at $19.23, proved to be popular with the regular patrons of the restaurant. In the 3 days of the promotion, 200 rib-eye steak dinners were sold.

Other American foods served during the 3-day event at the Gouden Leeuw were Alaskan crabmeat, walnuts, raisins, corn-on-the-cob, orange juice, and California wines.

Since waiters and waitresses at the restaurant never push any particular food, the sale of 200 U.S. steak dinners in 3 days indicate the selling power of U.S. high-quality beef.

Because of the favorable results of this promotion, the Gouden Leeuw has decided to feature U.S. high-quality beef on their special menu.

In 1979/80, U.S. agricultural exports to the Netherlands were $2.3 billion. The previous fiscal year they were $1.8 billion. □

From top: Chefs serving barbecue beef at the Restaurant Paardenburg in Ouderkerk, the Netherlands; a U.S. beef display at the restaurant.

TRADE BRIEFS

Egypt's Poultry Imports Soar in 1980

Egypt's imports of poultry—mainly chicken meat—soared an estimated 80 percent in calendar 1980 to about 51,500 tons, up from 28,500 tons a year earlier. The major sources of supply were expected to be about the same as in 1979—that is, the United States, Brazil, and the European Community. The large import gain came despite an 11-percent advance in domestic production as consumption rose an estimated 23 percent in 1980. A major factor for the increased consumption of poultry meat was the higher prices for red meats that prevailed before September.

New Oilseed Crushing Plant Planned in Canada

Plans have been completed for another oilseed crushing plant in Canada, this one to be located in western Manitoba, with a capacity of 600 tons per day. Plant construction is set to start in April 1981, with commercial production expected to begin in September 1982. Initially, the new plant will be used for the production of "canola oil" and meal, although it will later be expanded to handle Canadian sunflowerseed as well. Canadian canola is rapeseed low in erucic acid and glucosinolate. Canada is the world's most important producer/exporter of rapeseed. Normally, about 50 percent or more of the crop moves into export.

Belgium/Luxembourg Shows Rise in Output Of Whole Dry Milk

One of the highlights in the dairy sector of Belgium/Luxembourg in 1980 was the more than 50 percent increase in the production of whole dry milk. The expansion stemmed primarily from favorable export outlets, mainly to the USSR and South American countries. As a result, production of butter and nonfat dry milk (NFDM) fell 10 and 13 percent, respectively, while stocks of these two products dropped to the low side. Butter exports/re-exports jumped 30 percent to 130,000 tons, largely because of increased sales to the USSR. In the absence of continued export opportunities for whole dry milk, the Belgian Ministry of Agriculture foresees a significant increase in both butter and NFDM output in 1981. However, exports of these two dairy products are expected to decline this year while consumption and stocks should exceed last year's levels.

U.S. Peanut Exporters Have To Report Export Sales to USDA

Exporters are now required to report export sales of peanuts to the U.S. Department of Agriculture. Adding peanuts to the list of reportable commodities resulted from the rapid decline in estimates of the U.S. domestic production, which fell to 1.0 million tons on November 1, 1980, from the 1.7 million projected on August 1, 1980. The reporting requirement went into effect January 9, but because an emergency situation exists, the normal 60-day public comment period will not apply. Peanut exporters can get more information, a supply of reporting forms, and a reporting firm number from the export sales reporting division of FAS—telephone (202) 447-9209.

Argentine Wheat Crop, Exports Expected To Slip This Year

As a result of drought in the early growth stages and hail storms in November, Argentina's 1980/81 wheat harvest is expected to be down about 300,000 metric tons from that of last season, with production currently pegged at about 7.8 million tons. Argentine growers planted 6.1 million hectares to wheat this season, but only 4.8 million are expected to be harvested—about the same as last season's area. In 1979/80, Argentina's wheat exports totaled 4.8 million tons. The USSR, the top importer, took 2.4 million tons, a sharp increase from the 109,400 tons of the previous season. Argentina will have about 3.8 million tons of wheat available for export this season, with the Soviet Union expected to be the leading customer again.

Switzerland Subjects Poultry Livers to Import Licensing

Switzerland has ruled that imports of salted or spiced meat and poultry livers are now subject to licensing, effective January 1, 1981, bringing these specialities into the same regime covering poultry and poultry meat. Switzerland is a deficit producer of poultry livers—the major commodity affected by the ruling—so no short-term effect on imports is likely.

Bumper Potato Crop In France Creates Need for More Exports

The development of a growing export market for potatoes is generating some problems for French consumers. Because of the attractive export market, the larger, quality potatoes are being exported, leaving an abnormally larger proportion of small-sized potatoes for the domestic market. The potato growers' association in France is insisting, however, that exports be maintained, saying that despite a decline in potato area in 1980, production increased slightly above 1979's level. As a result, the association believes some 700,000 tons must be exported in 1980, compared with 433,900 tons the year earlier. Major markets are expected to be West Germany, East Germany, and Poland.

Japan To Get More Barley From Canada, Less From Australia

In early December 1980, the Canadian Wheat Board signed an agreement with the Japanese Food Agency to supply 850,000 tons of barley and 1.3 million of wheat during Japan's 1981 fiscal year. This is an increase of 50,000 tons of barley from previous pacts. Another agreement between Japan and Australia calls for the supply of 650,000 tons of barley annually, but it is now anticipated that between 400,000 and 450,000 tons will be shipped to Japan in light of the poor Australian crop.

Here & There

Malaysia's exports of palm oil during the first 7 months of 1980 dropped sharply to M$446 million from M$689 million during the corresponding year-earlier period. . .Portugal's cattle imports rose almost fivefold in 1980, totaling about 2,000 head—about 80 percent were Holsteins from the Netherlands and the United Kingdom. The country's swine imports fell about 60 percent from the year-earlier level to 1,200 head, mostly Landrace from the United Kingdom. . .Argentina's 1980/81 soybean crop (harvested in 1980) has been revised upward about 100,000 tons to 3.5 million. Exports are estimated at 2.7 million tons, with the chief customers being the USSR (750,000 tons) and Spain (360,000 tons).

WORLD AGRICULTURAL DAYBOOK

FEBRUARY

Trade Fair/Exhibit

Date	Event and location
Feb. 10-11	Attaché Product Display, Santo Domingo, D.R.
Feb. 14-21	International Food Exhibition, Rimini, Italy
Feb. 18-20	Southern U.S. Trade Association Exhibit, New Orleans.

Meetings

Date	Organization and location
Feb.	GATT Committee on Technical Barriers to Trade, Geneva.
Feb.	National Cattlemen's Association annual meeting, Phoenix.
Feb.	Meeting of IICA's new Board of Directors, San Jose, Costa Rica.
Feb.	World Food Council on Food Sector Strategies, Mexico.
Feb. 2-4	National Renderers Association semiannual board meeting, Tucson.
Feb. 5-6	National Dry Bean Council, Washington, D.C.
Feb. 15-16	U.S. Feed Grains Council, Cyprus Gardens, Fla.
Feb. 20-21	National Hay Association, Orlando, Fla.
Feb. 20-22	Western States Meat Packers Association 35th annual convention, San Francisco.
Feb. 23-28	FAO Regional Conference for the Near East, Abu Dhabi.
Feb. 25	Michigan Bean Shippers Association, Bay City, Mich.

Trade/Technical Team Trips

Foreign Teams in the U.S.

Date	Team	To
Jan. 17-Feb. 1	Yugoslavia Poultry	New York, Georgia, Minnesota.
Jan. 20-Feb. 17	PRC Ministry of Light Industry and Bakery	California, Oregon, Colorado, Missouri Kansas, Illinois, New York, Pennsylvania, Washington, D.C.
Jan. 28-June 15	American Institute of Bakery from the PRC	Manhattan, Kans.
Jan. 29-June 17	American Institute of Bakery from India	Manhattan, Kans.
Feb. 18-March 5	European Food Buying Mission	New Orleans, San Francisco, Kansas City, New York City.

Poultry Exports To Arabian Peninsula

(Continued from page 13)

probably be done even with subsidized competition and the special requirements of the market.

However, potential U.S. exporters of frozen poultry meat to the Arabian Peninsula should be aware of certain features of the demand there. First, importers in this area want a bird smaller than that usually produced in the United States. The requests generally are in the range of 0.8-1.2 kilograms per chicken (1.75-2.65 lb). Importers ask for this size because it is preferred by the restaurants and shops that account for a large part of their sales. The restaurants and shops buy the poultry meat by the kilogram but sell the product as a whole or half chicken at a price that does not generally vary with the size of the bird. So the smaller the average size of each chicken, the higher the number of sales per kilogram.

A second important feature of the market is the preference of the Arab consumer for chicken with white skin rather than the more yellowish skin common to chickens produced in the United States. This appears to be merely a matter of custom—the Arabs have become used to seeing and eating chicken with white skin. Reportedly, a U.S. shipment to Saudi Arabia once was refused because the skin of the chickens was yellow.

Interested exporters should also be aware that Arab importers will want a certificate stating that the poultry has been killed according to the specifications of Islamic slaughter. In addition, most importers will want labeling on the individual packages to be in Arabic.

Importers contacted during the author's recent visit to the Middle East seemed to be generally receptive to the idea of importing U.S. poultry. There have been some reports of bad shipments from the United States in the past, and a few Arab traders had heard negative opinions on the quality of U.S. poultry. For the most part, however, U.S. chicken was viewed as at least equal in quality to the chicken from other supplying countries. □

U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250

PENALTY FOR PRIVATE USE $300
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U.S. DEPARTMENT OF
AGRICULTURE
AGR 101

First Class

France

Continued from page 17

as soybeans. However, demand for U.S. prepared foods also is strong.

Brabant agreed with Oyloe: "If there is someone out there interested in breaking into international marketing, an exhibit such as SIAL is the perfect showcase. You make contact with buyers from all over the world, not just from the host country," he said.

At the week's end, rougly 20 of the exhibitors moved on to London for a 2-day exhibit at the American Embassy, sponsored by the Agricultural Trade Office. There, Laurie Kreiger of the Michigan Department of Agriculture said she was extremely positive about the reaction both in London and Paris to Michigan wines, canned fruits and pie filings, juices, and canned vegetables. "Exhibits such as these gave us the opportunity to discover what the market is for our products. It is also important to maintain exposure in overseas markets," said Kreiger.

Many of the exhibitors realize that international marketing takes more than just a one-shot, one-show effort. Ken Meier and Ed Hallet from the Oregon Department of Agriculture were at SIAL representing 13 Oregon firms—one of which was trying to introduce large-size baking potatoes to the institutional trade.

"The prospect of getting our potatoes into the European Community is a long-term project," said Meier. "We're not trying to compete with locally grown potatoes; ours are Russet Burbank potatoes for hotels and restaurants. We're trying to introduce them on the heels of a steak and potatoes promotion in Europe.

"Our job here," said Meier, "is to make contacts and get new-to-exporting firms in Oregon interested in international marketing. Judging by the response we've had here so far, that goal has been accomplished."—*By Lynn Krawczyk, Information Division, FAS.* □

From top: Judy Joyner of AJC International, Atlanta, Ga., displays corn on the cob and crab legs in Paris; Ken Meier, Oregon Department of Agriculture, discusses the advantages of using Russet Burbank potatoes with a French consumer.